



Office of Inspector General Semiannual Report to the Congress

April 1, 1997 through
September 30, 1997



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Foreword

Our office has completed its first year operating under the OIG strategic plan, and piloting OIG annual performance planning and evaluation systems. Implementing Government Performance and Results Act concepts, in concert with National Performance Review recommendations and Inspectors General Vision Statement Reinvention Principles, has helped us focus our audit and investigative programs and streamline our administrative processes. More importantly, it has helped us work with the Agency to improve its delivery of environmental programs.

The audits described in this semiannual report, such as our work in air enforcement and hardrock mining, illustrate the success of our initial effort to transition from traditional compliance audits to evaluating environmental program results. Our joint work with the Agency to evaluate the success of procurement and contract management initiatives, and to resolve problems that could have prevented the Agency from receiving an unqualified opinion on its financial statement audit, illustrate our success in improving working relationships. The investigations described in this semiannual report illustrate successes in enforcing Federal criminal and civil laws, recovering funds, and maintaining public confidence in Agency programs.

Our staff successfully addressed emerging issues to prevent future problems and loss of Agency resources. Auditors and investigators worked closely with Agency and Army Corps of Engineers staff to reduce the risk of fraudulent claims associated with EPA's massive methyl parathion cleanup activities. Investigators and engineers identified substandard materials during construction of a wastewater treatment plant that were replaced, avoiding costly future repairs and environmental contamination.

The Federal Deposit Insurance Corporation (FDIC) Office of Inspector General completed a quality control review of our Office of Audit. The review is similar in design and scope to peer reviews of certified public accounting firms. The FDIC OIG said that the Office of Audit's internal quality control system was operating effectively to provide reasonable assurance that established policies, procedures, and applicable auditing standards were being followed. We are proud of our Office of Audit. The review confirms the high quality of its work.

I believe the Agency's commitment to improving management and performance, in combination with the assistance we are committed to provide, will be the foundation for improved environmental results.

Nikki L. Tinsley
Acting Inspector General

INSPECTOR GENERAL VISION STATEMENT

“We are agents of positive change striving for continuous improvement in our Agency’s management and program operations, and in our own offices.”

MISSION

The Inspector General Act of 1978, as amended, requires the Inspector General to:

(1) conduct and supervise audits and investigations relating to programs and operations of the Agency; (2) provide leadership and coordination, and make recommendations designed to (A) promote economy, efficiency, and effectiveness and (B) prevent and detect fraud and abuse in Agency programs and operations; and (3) fully and currently inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to the administration of Agency programs and operations.

GOALS

- ①** Help EPA achieve its environmental goals by improving the performance and integrity of EPA programs and operations , by safeguarding and protecting the Agency’s resources, and by clearly reporting the results of our work.
- ②** Foster strong working relationships.
- ③** Operate at the highest performance level.

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The complete text of selected audits is available through the EPA OIG internet home page. <http://www.epa.gov/oigearth/list997.htm>

Executive Summary

Section 1-- Office of Audit--Significant Findings

1. National Inconsistencies in Air Enforcement and Compliance Assistance Programs Could Result in Health and Environmental Risks

EPA could prevent inconsistent levels of enforcement, use of publicity, and economic benefit penalty assessments in the regions' and delegated agencies' air enforcement programs. Also, EPA could help delegated agencies avoid possible duplicate efforts in developing similar compliance assistance activities and materials (page 6).

2. Arkansas, Maryland, and Massachusetts Did Not Report Significant Clean Air Act Violators

Arkansas, Maryland, and Massachusetts air inspection programs did not identify and report numerous significant violators (SV) of the Clean Air Act (CAA). Without proper identification and reporting of SV information, EPA regions could not adequately monitor the progress of states in returning facilities to compliance or take timely enforcement actions (page 8).

3. EPA Can Do More to Help Minimize Hardrock Mining Liabilities

Critical gaps in some Federal and state statutory and regulatory authorities requiring financial assurances could result in EPA assuming responsibility for cleaning up additional hardrock mines. EPA had not effectively implemented its existing statutory authorities or used non-regulatory tools, such as partnerships, to minimize the environmental impacts of hardrock mining and help eliminate financial assurance gaps (page 10).

4. Regional Laboratories Need Results-Oriented Management and Better National Leadership.

EPA's regional laboratories' current processes are not adequate to assist the Agency in meeting the Government Performance and Results Act. Also, the absence of a shared identity among regional laboratories and a limited scope national leadership have resulted in inefficient efforts to meet common needs (page 11).

5. Superfund Oversight Bills to Responsible Parties Were Delayed for Years.

Region 3 took extraordinary amounts of time to bill responsible parties for recovery of Superfund oversight costs. In several instances, delays amounted to years, even though the bills should have been sent annually. Consequently, the Agency sometimes failed to recoup large portions of the costs (page 13).

6. EPA Needs Internet Security to Protect Integrity of Agency Data

EPA has not sufficiently developed or implemented adequate controls to prevent or detect improper/illegal access to its systems from the Internet. As a result, there were six documented hacker attacks between 1992 and 1996, and likely many more in actuality (page 14).

7. Security Over Region 4 Local Area Network (LAN) Needs Strengthening

Region 4 did not have formal security or disaster recovery plans for their LANs which contain sensitive agency information. Also, the Region lacked a structured and consistent process for rescinding access to its LANs (page 15).

8. Maryland Department of the Environment (MDE) Overstated Accomplishments

MDE significantly overstated Leaking Underground Storage Tank (LUST) program accomplishments and was erroneously paid up to \$1.4 million by EPA. In addition, MDE lacked documentation explaining the acceptance of settlement amounts less than full cost recovery (page 18).

9. Better Management of Cooperative Agreements for Lead-Based Paint Abatement Training is Needed

EPA awarded cooperative agreements to the National University Continuing Education Association Inc. (NUCEA) and Regional Lead Training Centers (Centers) to develop a national cadre of certified lead based paint abatement specialists. Some of the funds were used to train individuals not involved with lead abatement. In addition, the Agency continued providing funds to the Centers beyond the time when they may have been self-sustaining (page 19).

10. Region 8 Can Improve Management of Nonpoint Sources (NPS) Pollution Program

Region 8 did not require states to update their NPS management plans, enforce program requirements, or provide adequate state program guidance. Further, states' NPS program management and resource commitment differed significantly. Consequently, EPA and the Congress cannot be assured that the most significant state NPS pollution problems were being addressed (page 20).

11. More Reliable Data Can Improve Management of EPA Grants

Although users generally agreed that the Grants Information and Control System (GICS) is a good national database with extensive information, they cannot rely on the integrity of data in GICS reports due to system limitations and inconsistent data entry (page 22).

12. Almost \$9 Million Questioned on Brazil, Indiana Project

The City of Brazil, Indiana, claimed \$8,980,800 of ineligible construction and engineering costs that were incurred on a project that did not meet the requirements of the Clean Water Act (page 24).

13. Over \$4 Million Questioned on Henrico County, Virginia Project

The County of Henrico, Virginia, claimed \$4,244,705 of ineligible construction, engineering, administrative and claim costs for construction of a secondary wastewater treatment plant (page 25).

14. Major EPA System Has Serious Control Weakness

Significant shortcomings in the documentation of security controls and the absence of management approved security plans in both the Small Purchase Electronic Data Interchange (SPEDI) application and the SPEDI Local Area Network (LAN) represent a serious control deficiency (page 27).

Section 2--Report Resolution

This section, required by the IG Act, reports on the status and results of Agency management actions to resolve audit reports. At the beginning of the semiannual period, there were 197 reports for which no management decision had been made. During the second half of fiscal 1997, the Office of Inspector General issued 235 new reports and closed 252. At the end of the reporting period, 180 reports remained in the Agency followup system for which no management decision had been made. Of the 180 reports, 92 reports remained in the Agency followup system for which no management decision was made within 6 months of issuance (page 30).

For the 124 reports closed that required agency action, EPA management disallowed \$48.4 million of questioned costs and agreed with our recommendations that \$552,000 be put to better use (page 31). In addition, cost recoveries in current and prior periods included \$6.6 million in cash collections, and at least \$32.4 million in offsets against billings (Appendix 4).

Section 3--Office of Investigations--Significant Results

During this semiannual reporting period, our investigative efforts resulted in 8 convictions and 17 indictments. Also, our investigative work led to about \$580,000 in fines and recoveries (page 35).

The Office of Grants and Debarment completed action on three OIG-generated suspension and debarment cases during this reporting period, resulting in one suspension and two debarments (page 43).

Section 4--Fraud Prevention and Management Improvements

During this semiannual period, we reviewed three legislative and 44 regulatory items. Our most significant comments concerned the Small Business Regulatory Assistance Act of 1997; certain revisions to EPA policies governing contracts, grants, and interagency agreements; and EPA's Plan for a Drug-Free Workplace (page 45).

The EPA Committee on Integrity and Management Improvement (CIMI), chaired by the Inspector General, planned and implemented the eleventh annual Headquarters observance of Public Service Recognition Week (page 47).

Twelve new hotline cases were opened and six were closed during the reporting period. Of the closed cases, two resulted in environmental, prosecutive, or administrative corrective action (page 47).

The OIG in EPA--Its Role And Authority

The Inspector General Act of 1978 (Public Law 95-452), as amended, created Offices of Inspector General to consolidate existing investigative and audit resources in independent organizations headed by Inspectors General.

EPA established its Office of Inspector General (OIG) in January 1980. As an agency with a massive public works budget, EPA is vulnerable to various kinds of financial abuses. The OIG's role is to review EPA's financial transactions, program operations, contracts, and administrative activities; investigate allegations or evidence of possible criminal and civil violations; and promote economic, efficient, and effective Agency operations. The OIG is also responsible for reviewing EPA regulations and legislation.

The EPA Inspector General reports directly to the Administrator and the Congress and has the authority to:

- *Initiate and carry out independent and objective audits and Investigations,*
- *Issue subpoenas for evidence and information,*
- *Obtain access to any materials in the Agency,*
- *Report serious or flagrant problems to Congress,*
- *Select and appoint OIG employees,*
- *Fill Senior Executive Service positions,*
- *Administer oaths, and*
- *Enter into contracts.*

The Inspector General is appointed by, and can be removed only by, the President. This independence protects the OIG from interference by Agency management and allows it to function as the Agency's fiscal and operational watchdog.

Organization and Resources

The Office of Inspector General functions through two major offices, each headed by an Assistant Inspector General: Office of Audit and Office of Investigations. Nationally, there are nine Divisional Inspectors General for Audit and four Divisional Inspectors General for Investigations who direct staffs of auditors and investigators and who report to the appropriate Assistant Inspector General in Headquarters.

For fiscal 1997, the Agency was appropriated \$6.8 billion and authorized 17,951 full time equivalent (FTE) positions to conduct the environmental programs authorized by Congress to restore and protect the environment. As a separate appropriation account, the Office of Inspector General (OIG) received \$40.1 million to carry out the provisions of the Inspector General Act of 1978, as amended. Eleven million dollars of the OIG's appropriation was derived from the Hazardous Substance Superfund trust fund and \$577,000 was derived from the Leaking Underground Storage Tank trust fund. The OIG had a funded staffing level of 370 FTE positions.

Purpose and Reporting Requirements of the Office of Inspector General Semiannual Report

The Inspector General Act of 1978, as amended, requires the Inspector General to keep the Administrator and Congress fully

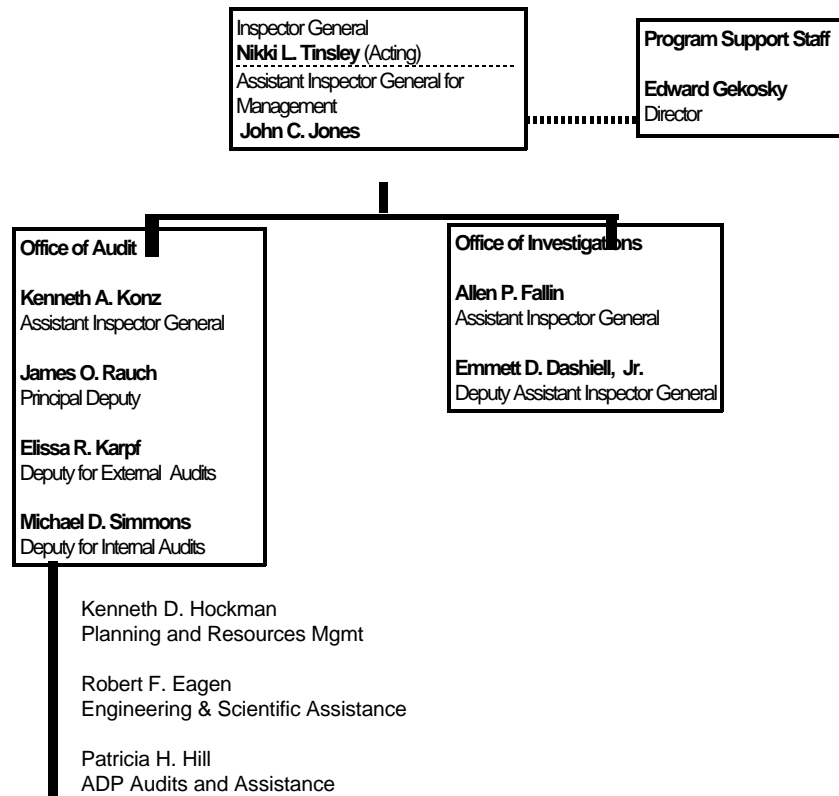
and currently informed of problems and deficiencies in the Agency's operations and to recommend corrective action. The IG Act further specifies that semiannual reports will be provided to the Administrator by each April 30 and October 31, and to Congress 30 days later. The Administrator may transmit comments to Congress along with the report, but may not change any part of it.

The specific reporting requirements prescribed in the Inspector General Act of 1978, as amended, are listed below.

Source		Section/Page	
Inspector General Act, as amended.			
Section 4(a)(2)	Review of Legislation and Regulations	4	45
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	1	6
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	1	6
Section 5(a)(3)	Prior Significant Recommendations on Which Corrective Action Has Not Been Completed	Appendix 2	55
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	3	35
Section 5(a)(5)	Summary of Instances Where Information Was Refused	*	*
Section 5(a)(6)	List of Audit Reports	Appendix 1	48
Section 5(a)(7)	Summary of Significant Reports	1	6
Section 5(a)(8)	Statistical Table 1-Reports With Questioned Costs	2	32
Section 5(a)(9)	Statistical Table 2-Reports With Recommendations That Funds Be Put To Better Use	2	33
Section 5(a)(10)	Summary of Previous Audit Reports Without Management Decisions	Appendix 2	55
Section 5(a)(11)	Description and Explanation of Revised Management Decisions	Appendix 2	55
Section 5(a)(12)	Management Decisions with Which the Inspector General Is in Disagreement	**	
<i>* There were no instances where information or assistance requested by the Inspector General was refused during this reporting period.</i>			
<i>** There were no instances of management decisions with which the Inspector General was in disagreement.</i>			

Office of Inspector General--Who's Who

Headquarters



Divisional Inspectors General for Audit

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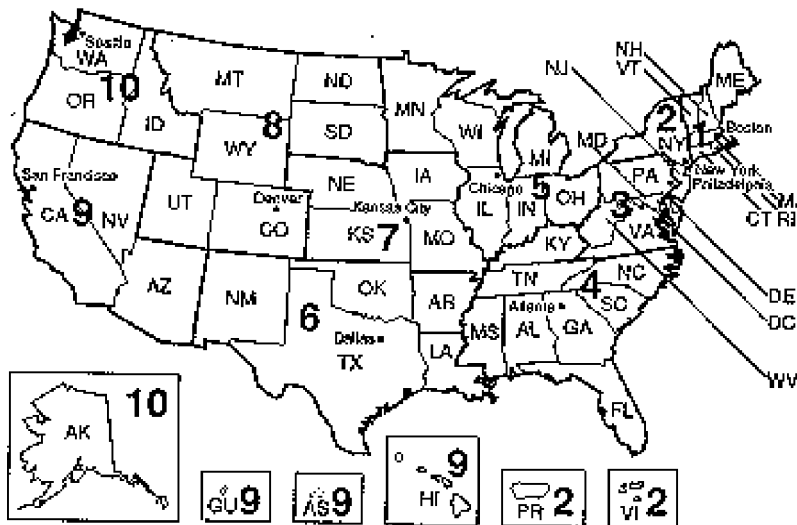
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Regions 8,9 & 10
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David Sermos



Section 1-- Office of Audit--Significant Findings

OFFICE OF AUDIT GOALS AND ACTIVITIES

OFFICE OF AUDIT GOALS: In fiscal 1998, the Office of Audit will provide objective, timely, independent auditing and consulting services by completing and initiating more audit assignments, reducing the average time on assignments, and dedicating more resources to consulting services.

ACTIVITIES TO MEET OUR OBJECTIVE

Program Audits - Evaluate the extent to which the desired results or benefits envisioned by the Administration and Congress are being achieved; review the economy, efficiency and effectiveness of operations; and determine the extent of compliance with applicable laws and regulations.

Financial Statement Audits - Evaluate EPA's financial systems and statements to ensure that the Agency's accounting information is accurate, reliable and useful, and complies with applicable laws and regulations. Our objective is to assist EPA in making improvements in the financial management processes and controls which will provide better information for decisions promoting the greatest possible environmental results.

Assistance Agreement Audits - Evaluate EPA's Construction Grant Program, State Revolving Fund, Performance Partnership Grants, Interagency Agreements and Cooperative Agreements, which provide assistance to state, local and tribal governments, universities and nonprofit recipients accounting for about half of EPA's budget. We will audit both the financial and performance aspects, building on the Single Audit Act and focusing on resource-intensive, high-risk programs.

Contract Audits - Evaluate EPA's indirect cost proposals, preaward, interim and final contracts. These audits determine the eligibility, allowability, allocability, and reasonableness of costs claimed by contractors and assure that EPA pays only for what it requests and receives. Performance audits address systemic weaknesses. EPA has assumed audit cognizance of 15 major contractors and will continue to monitor the contract universe to identify high-risk contractors. In addition, the Defense Contract Audit Agency provides contract audit services, on a reimbursable basis, of the majority of EPA's contractors.

Programs

The Inspector General Act requires the OIG to initiate reviews and other activities to promote economy and efficiency and to detect and prevent fraud, waste, and mismanagement in EPA programs and operations. Internal and performance audits and reviews are conducted to accomplish these objectives largely by evaluating the economy, efficiency, and effectiveness of operations. The OIG conducted a number of major reviews of EPA programs. The following are the most significant internal audit, performance audit, and special review findings and recommendations resulting from our efforts.

National Inconsistencies in Air Enforcement and Compliance Assistance Programs Could Result in Health and Environmental Risks

Findings in Brief

EPA regions and delegated agencies at state and local levels were widely inconsistent in their enforcement approaches to violators of the Clean Air Act.

Many different levels of government, including EPA and state agencies, have roles in enforcing the Clean Air Act (Act). States, which in most instances are primarily responsible for enforcing the Act, can delegate enforcement authority to state district offices or local agencies. This consolidated audit included the results of prior reviews of Regions 5, 6, and 9.

We Found That

EPA regions and delegated agencies inconsistently enforced air regulations during the 18 month period reviewed. Region 5 completed 33 enforcement actions and assessed more than \$6 million in penalties, while Region 9 completed 25 actions and assessed about \$3.5 million in penalties, and Region 6 completed two cases and assessed penalties of just over \$100,000. These inconsistencies, caused by various factors, can result in unfair treatment of industry and reduced levels of environmental protection.

EPA regions and delegated agencies reviewed did not usually publicize enforcement actions to promote compliance. Only 13 percent of the enforcement actions we reviewed were publicized and the type of information included varied. EPA's policy to encourage publicizing enforcement actions is outdated and the regions did not always follow it. Delegated agencies did not publicize cases because of possible political repercussions and often did not have written publicity policies. As a result, the regulated community and the public were unaware of enforcement actions that could help deter similar violations and promote greater industry compliance.

Regions and a few delegated agencies used the economic benefit component of penalties to deter companies from violations, in accordance with EPA's Penalty Policy. However, most delegated agencies did not consistently consider or appropriately assess the economic benefit penalty because they: (1) did not have procedures for computing it, (2) believed legal decisions and case law prevented them from assessing it, or (3) reduced the penalty. If an economic benefit is not assessed, companies are more likely to continue polluting the environment because it is less expensive to violate the law than to comply with it. In addition, violators gain an unfair economic advantage over companies that comply.

The air enforcement data in the Aerometric Information Retrieval System Facility Subsystem (AFS) were not of high quality because regions and delegated agencies applied different data definitions when tracking enforcement data, had difficulty entering data into AFS, and did not use or maintain data in AFS. The average amount spent to maintain AFS from fiscal 1991 through fiscal 1996 was over \$858,000 per year, while regions and delegated agencies used additional resources to maintain separate databases since AFS did not meet their needs. Consequently, resources were used inefficiently, EPA may not have enough information about potential violators, and incorrect information could be released to the public.

Each regional office and delegated agency reviewed had performed compliance assistance activities, including many that were similar to efforts other agencies had developed. Since no clearinghouse of compliance assistance activities existed, the regions and delegated agencies may be duplicating materials and activities rather than using and sharing already successful methods. If information were shared, new materials for other program areas may be developed, resulting in wider outreach to the regulated community.

We Recommended That

The Assistant Administrator for Enforcement and Compliance Assurance:

- Set up a mechanism to work with regional and delegated agency staff to recommend ways to address national inconsistencies in enforcement.
- Update and reissue the 1985 EPA policy on publicizing enforcement actions, in conjunction with the Office of Communications, Education, and Public Affairs.
- Ask the regions to work with delegated agencies to assess the full economic benefit of noncompliance in all enforcement matters.
- Determine if the Office of Enforcement and Compliance Assurance's (OECA) minimum data needs can be obtained directly from regional or delegated agency data systems. If OECA continues to use AFS, consider establishing a minimum set of standard data elements and simplifying data input.
- Work with regions and delegated agency groups to create and maintain a clearinghouse of available compliance assistance materials.

What Action Was Taken

A draft of the report was issued on August 7, 1997. Although we did not receive a written response to the draft report by the date of issuance of the final report, we made changes based on discussions with OECA staff and a draft response received on September 22, 1997. Therefore, our final report (7100306) was

Findings in Brief

Arkansas, Maryland, and Massachusetts air inspection programs did not identify and report numerous significant violators (SV) of the Clean Air Act (CAA). Without proper identification and reporting of SV information, EPA regions could not adequately monitor the progress of states in returning facilities to compliance or take timely enforcement actions.

Arkansas, Maryland, and Massachusetts Did Not Report Significant Clean Air Act Violators

Section 105 of the CAA provided the initial authority for Federal grants to help state and local agencies prevent and control air pollution. These grants require each state to perform at least a Level 2 inspection (a more stringent classification) at stationary sources and to report significant violators to EPA in accordance with EPA's Timely and Appropriate Enforcement Policy. Level 2 inspections provide support for enforcement action and are a viable method for determining whether a facility is a significant violator.

We Found That

Region 1. The Massachusetts Department of Environmental Protection (MADEP) did not report any SVs in fiscal 1996 although several existed. The absence of routine SV discussions with the State and MADEP's misinterpretation of EPA's Timely and Appropriate policy resulted in MADEP's inability to identify SVs. Also, Region 1 awarded a pilot demonstration grant to MADEP covering fiscals 1995 and 1996. The pilot program allowed MADEP to test a multimedia approach to environmental protection and greater flexibility in using resources. As a result, Region 1 allowed deviations from standard air program procedures. This allowed MADEP to reduce its inspections of air major sources. As a result the universe of potential SV sources of serious violations was not identified and reported to the Region for appropriate enforcement action.

MADEP also under-reported the number of enforcement actions in EPA's Air Facility Subsystem (AFS) database for fiscal 1996 and did not enter any compliance inspection and enforcement data. In addition, there were discrepancies between the MADEP databases and Region 1's AFS, and MADEP did not update AFS quarterly as required by the grant. The untimeliness of MADEP data input and the incompatibility of MADEP and EPA systems contributed to the problem. As a result, EPA did not have a realistic picture of State accomplishments and needed additional resources to correct the problem.

Region 3. For the past three years, the Maryland Department of the Environment (MDE) performed more than 2,000 inspections at major facilities and only reported six significant violators to EPA. For almost half of the files we reviewed, we could not determine whether the State did enough to identify significant violators of the CAA. However, from our limited case review, we identified four significant violators that MDE did not report. Since many State inspection reports did not show which evaluations inspectors performed, EPA could not assess Maryland's air inspection program.

In addition, MDE over-reported Level 2 inspections it performed, hindering EPA's ability to oversee the State's efforts. Almost 80 percent of the 220 inspections that we reviewed were misreported by MDE in EPA's database because Region 3 had not formally communicated to the states criterion for coding different levels of inspections. Also, MDE did not accurately report negotiated and collected penalties into EPA's database, which prevented the Agency from effectively evaluating the adequacy of the State's penalties.

Region 6. Arkansas only reported two cases of significant violators to AFS in fiscal 1996, and Region 6 did not adequately use the case narratives in Arkansas' monthly reports to identify and verify that significant violators were entered into AFS. As a result of the Region's clarification of the definition of a significant violator during the audit, Arkansas identified 14 additional significant violators. In addition, we identified 10 other significant violators from a universe of 23. Violations committed by the 10 facilities included repeated instances of equipment, construction and operations unpermitted, exceeding permits limits, without a permit designed to prevent significant deterioration of air quality, or failed stack tests.

Arkansas and Region 6 need to take actions ensuring that significant violators achieve timely compliance. Arkansas did not always set milestone dates for facilities to come into compliance or stipulate penalties for failure to achieve compliance. Arkansas adequately addressed only 1 of 15 sampled significant violators within the suggested timeframe. The remaining 14 facilities did not comply for an average of 940 days, including four that did not comply for over 3 years.

We Recommended That

The Regional Administrator, Region 1:

- Require MADEP, as a grant condition, to discuss SVs and other enforcement actions monthly.
- Provide training and guidance to MADEP staff on identifying and reporting SVs.
- Require MADEP to comply with the grant's reporting requirements such as entering compliance and enforcement as well as penalty data into AFS quarterly.

The Regional Administrator, Region 3:

- Ensure that Maryland reports significant violators as required by their Section 105 grant and by EPA's Timely and Appropriate Enforcement Policy.
- Require Maryland to conduct Level 2 inspections that determine a facility's compliance and take follow-up actions to resolve violations timely.
- As a condition of future grant awards, require Maryland to accurately report inspection and penalty information into EPA's database.

The Acting Regional Administrator, Region 6, require Region 6 enforcement to:

- Verify that significant violators reported in Arkansas' monthly Enforcement Activities reports are also included in AFS, when appropriate.
- Determine who will input the significant violator designation in AFS.
- Take decisive enforcement action when Arkansas does not, and consider overfiling when State action does not result in timely resolution of the violations.

The final report (7100305) was issued to the Regional Administrator, Region 1, on September 29, 1997. In responding to the draft report, the Region agreed with most of our recommendations and described various actions that had been undertaken with MADEP to address the problems.

The final report (7100302) was issued to the Regional Administrator, Region 3, on September 29, 1997. In response to the draft report, the Region concurred with the findings of the report. EPA Region 3 committed to work cooperatively with the MDE to address the deficiencies identified in the OIG report to ensure protection of public health and the environment.

The final report (7100295) was issued to the Acting Regional Administrator, Region 6, on September 26, 1997. In responding to the draft report, the Region generally agreed with the findings and recommendations and described corrective actions that have been or will be taken by Arkansas and Region 6.

Findings in Brief

Critical gaps in some Federal and state statutory and regulatory authorities requiring financial assurances could result in EPA assuming responsibility for cleaning up additional hardrock mines. EPA had not effectively implemented its existing statutory authorities or used non-regulatory tools, such as partnerships, to minimize the environmental impacts of hardrock mining and help eliminate financial assurance gaps.

EPA Can Do More to Help Minimize Hardrock Mining Liabilities

Mining activities are regulated under Federal and state authorities. Federal statutory authority is spread among several agencies with no agency having overall regulatory responsibility. Most states with significant hardrock mining have established their own statutory programs and regulate mine activities through mine permits. Of all EPA's Superfund National Priority List sites, mines are the largest and most costly to clean up.

We Found That

Federal and state land management agencies' authority requiring environmental performance standards and financial assurances at hardrock mines varied, leaving critical gaps in bonding requirements. Land patent provisions in the Mining Law of 1872 provided mine operators relief from the stricter Federal bonding requirements. Unreasonably low state bond ceilings did not allow adequate financial assurances for hardrock mining on some state and private lands. Only two of the eight states we reviewed provided for 100 percent bonding for the estimated costs of addressing toxic contamination. As a result, EPA may become liable for the considerable costs of cleaning up abandoned mines. For example, EPA estimated it will cost about \$150 million from the Superfund Trust Fund to clean up the Summitville mine in Colorado.

EPA could have more effectively implemented its statutory and regulatory authorities to prevent hardrock mining pollution problems. Although the Agency has no comprehensive authority to regulate mines, it does have the Clean Water Act National Pollutant Discharge Elimination System Program (NPDES) and the Resource Conservation and Recovery Act (RCRA) that could be applied to help prevent pollution problems at individual mines. The Agency did not always provide for adequate NPDES oversight or technical assistance to important mining states. EPA also had not developed a regulatory mining program under RCRA even though it announced its intention to do so in 1986, and RCRA mining wastes are the primary cause of environmental damage from mining. While some EPA regions have developed a cross-media approach for addressing hardrock mining issues, EPA as a whole has been slow to develop and implement a

What Action Was Taken

comprehensive hardrock mining strategy and effectively coordinate and address specific hardrock mining issues.

Even though partnering is an important part of EPA's 5-year strategic plan, EPA had not consistently engaged in effective partnerships and had missed important opportunities to participate early in the mine permitting process. For example, Region 5 did not respond early to Michigan's request for assistance in a copper mine permitting process, thereby delaying the permit and causing increased costs. California officials stated that Region 9 showed little interest in state hardrock mining issues, and Alaska representatives told us that EPA seldom participated on its major mine permitting teams. EPA cited a lack of resources, adequate mining expertise, and management commitment for not participating more actively with Federal and state agencies.

We Recommended That

The Assistant Administrator for Water:

- Encourage regions to improve their relationships with Federal and state land management agencies to help eliminate existing gaps in the Mining Law of 1872 and Federal and state bonding requirements.
- Establish and implement a national hardrock mining strategy to provide direction for EPA's more effective use of its statutes to address hardrock mining issues and develop stronger partnerships with other hardrock mining stakeholders.
- Develop a critical core of cross-media mining expertise and encourage proactive, timely involvement in hardrock mining environmental issues.

What Action Was Taken

The final report (7100223) was issued to the Assistant Administrator for Water on June 11, 1997. In responding to the draft report, the Assistant Administrator agreed that EPA's overall management of mining activities could be made more effective and efficient, and generally agreed with the report findings and recommendations. A response to the final report was due by September 11, 1997. However, Agency comments have been delayed pending approval of a hardrock mining strategy.

Findings in Brief

EPA's regional laboratories' current processes are not adequate to assist the Agency in meeting the Government Performance and Results Act (Results Act). Also, the absence of a shared identity among regional laboratories and limited national leadership have resulted in inefficient efforts to meet common needs.

Regional Laboratories Need Results-Oriented Management and Better National Leadership

Each of EPA's ten regions has a laboratory which provides a range of scientific and technical services for a variety of customers both internal and external to the Agency. The regional laboratories focus on the application of scientific policies and methods in support of regulatory programs, monitoring programs, and special projects.

We Found That

While EPA is taking steps to meet requirements of the Results Act, regional laboratories need improvements in: (1) preparing performance plans, (2) measuring performance, (3) increasing accountability, and (4) linking planning and performance to funding levels. Only four of ten regional laboratories prepared work plans that included goals and indicators, and there was no system for consistently measuring analytical activity. Seven of the laboratories prepared activity reports but they varied in terms of information. Only three used planned activities and prior years' results as the basis for budgets, while seven based them on historical levels.

EPA's regional laboratories need a stronger shared identity and more active national leadership. Each regional laboratory has historically operated independently of the others. However, there are many similarities in their missions, goals, and contributions to the Agency. A 1994 EPA report recommended enhancing the role of the "central advocate" for the regional laboratories and re-evaluating which organizational component should fill that role. Although the Office of Regional Operations and State/Local Relations was designated to perform this role, its activities had been limited to budget justification and distribution of resources for capital equipment. An Agency official attributed the inability to fulfill responsibilities to limited resources.

The absence of a shared identity among regional laboratories and the limited scope of national leadership have resulted in inefficient and duplicative efforts to meet common needs. For example, each regional laboratory independently purchased, or developed, its own data management system. A stronger national leadership would prevent duplication of effort in the purchase, development, or modifications of systems needed to meet the regional laboratories' core needs. In addition, regional laboratories' capital equipment purchases were made based on regional rather than national needs, resulting in the potential for inefficient use of equipment resources. The current method for tracking equipment purchases will not prevent regional laboratories from purchasing duplicate equipment that will be underutilized.

We Recommended That

The Acting Associate Administrator for Regional Operations and State/Local Relations work with the regional laboratories to:

- Prepare annual performance plans and accountability reports that meet the Results Act, and develop a system that all regions will use to consistently measure laboratory activities.
- Develop a common vision and mission statement, and identify the appropriate responsibilities for the national leader.

What Action Was Taken

The final report (7100277) was issued to the Acting Associate Administrator for Regional Operations and State/Local Relations on August 20, 1997. In response to the draft report, Agency officials stated that the regional laboratory managers have joined the Agency in its efforts to understand and implement the Results Act. Also, as the reorganization of the Office of Administrator is completed, the regional operations staff will work to acquire the resources necessary to provide strong

leadership for the laboratories. Based on the Agency's response, we closed the report in our tracking system.

Findings in Brief

Region 3 took extraordinary amounts of time to bill responsible parties for recovery of Superfund oversight costs. In several instances, delays amounted to years, even though the bills should have been sent annually. Consequently, the Agency sometimes failed to recoup large portions of the costs.

Superfund Oversight Bills to Responsible Parties Were Delayed for Years

EPA incurs oversight costs while monitoring cleanup work performed by responsible parties at "Enforcement-lead" Superfund sites. Such costs can include charges for Agency personnel, EPA contractors, or state employees. EPA recovers these costs through the use of enforcement documents, which are legally binding agreements between the Agency and the responsible parties.

We Found That

In Region 3, there were 76 enforcement dockets for sites with annual billing provisions during fiscal 1996. Of the 15 dockets we reviewed, there were: (1) eight instances where the bills were delayed, in one case for seven years; (2) three instances where the responsible parties complained that the billing delays adversely affected their ability to verify what was being billed; (3) four instances where the responsible parties requested documents to support earlier bills, and the Region took between eight months and seven years to provide them; and (4) four instances where no bills had ever been sent even though costs were incurred as far back as 1988.

Delays occurred because oversight billings were considered a low priority, and there was a reluctance by Superfund program personnel to relinquish control of the billings to financial personnel. As a result, reimbursement to the Superfund Trust Fund was delayed, and the responsible parties were afforded additional opportunities to challenge the charges, causing more delays.

The Region's delay in assessing oversight bills sometimes resulted in other problems with a cumulative effect of oversight costs not being recouped from the responsible party. For example, when the Region delayed submitting a bill for more than six years, the responsible party challenged \$185,525 in indirect costs and the Region settled for only \$19,472. Had the Region submitted the bill timely, it would have resolved the indirect cost issue early enough to possibly recoup a large portion of the costs.

In another instance, the Region was unable to bill a responsible party \$149,000 for State oversight costs. Under the terms of a Multi-Site Cooperative Agreement, EPA paid the State of Maryland for assistance in overseeing cleanups, and then billed the responsible parties. The Region delayed billing the responsible parties for six years and excluded \$149,000 it had already paid to the State because the Maryland Department of the Environment had destroyed the time sheets needed to verify the costs. If Region 3 had submitted a bill in accordance with the enforcement document, we believe it might have learned of the problem years earlier.

We Recommended That

The Regional Administrator, Region 3:

- Ensure that oversight costs are billed in accordance with the enforcement agreements signed by the Region, e.g., on their anniversary date.

- Determine if Maryland's Department of the Environment lacks time sheets to support oversight charges at Superfund sites covered by other cooperative agreements.
- Initiate sanctions against the State of Maryland's Department of the Environment if it does not adhere to the record-keeping and retention criteria stipulated by the Code of Federal Regulations.

What Action Was Taken

The final report (7100292) was issued to the Regional Administrator, Region 3, on September 22, 1997. In responding to the draft report, the Regional Administrator stated that the Region has taken steps to improve the oversight billing process. Thus, the Region is reasonably assured that oversight costs are billed in accordance with the Region's signed enforcement agreements. Agency officials also stated that the Maryland Department of the Environment has taken action to correct Cooperative Agreement record-keeping deficiencies and agreed to take appropriate action if the deficiencies are disclosed in the future. A response to the final report is due by December 22, 1997.

Findings in Brief

EPA has not sufficiently developed or implemented adequate controls to prevent or detect improper/illegal access to its systems from the Internet. As a result, there were six documented hacker attacks between 1992 and 1996, and likely many more in actuality.

EPA Needs Internet Security to Protect Integrity of Agency Data

EPA's Internet site allows anyone access to a wide variety of information including EPA Program and Office data, policies, press releases, and EPA publications. EPA's Vision of the Internet is to provide every EPA employee with interactive Internet access, and to establish the Internet as the primary vehicle for public access to EPA information. Although various EPA manuals address security in a broad sense, network security is not specified, nor is there any reference to security and controls relating to the Agency's Internet connectivity.

We Found That

EPA is not sufficiently protecting its information technology resources from malicious acts via access from the Internet. Joint EPA and OIG tests of 35 systems indicated that the Agency has not implemented corrective actions for many Internet services with known security weaknesses. These vulnerabilities include allowing intruders to add, modify, or delete system files and gain access to user log-on and system information.

Also, EPA officials were unable to demonstrate that audit logs of network system activities were being maintained and monitored. These logs identify if systems have been harmed by hackers, insiders or technical problems, and they are crucial evidence in enforcement actions brought against individuals with unauthorized access to systems.

Further, EPA is not using formal firewall technologies which prevent hackers from compromising internal systems simultaneously while EPA users are accessing external networks. The EPA network environment would be exposed to fewer risks if all access to and from the Internet passed through a firewall protecting inherently insecure services.

These weaknesses occurred primarily because EPA has not developed and implemented an Agency network security policy which should be an extension of an overall organizational policy regarding the protection of information resources. In addition, EPA has not developed a security plan for Internet connectivity as required by the Computer Security Act and OMB Circular A-130.

We Recommended That

The Director for Information Resources Management:

- Develop and implement a network security policy.
- Evaluate the costs and benefits of implementing formal firewall technologies.
- Maintain and monitor sufficient audit logs.

What Action Was Taken

We issued our final report (7100284) to the Director for Information Resources Management on September 5, 1997. In responding to the draft report, the Agency agreed with all of our recommendations and has taken a number of positive actions to correct the deficiencies. The response indicated that: (1) OIRM is revising EPA's IRM Policy Manual and Information Security Manual to include a policy framework for network security; (2) OIRM's Enterprise Technology Services Division (ETSD) has been evaluating formal firewall technologies, and (3) ETSD has established logging and a review of audit trails for all centrally managed computer systems located at EPA's National Computer Center.

Findings In Brief

Region 4 did not have formal security or disaster recovery plans for their LANs which contain sensitive agency information. Also, the Region lacked a structured and consistent process for rescinding access to its LANs.

Security Over Region 4 Local Area Networks (LAN) Needs Strengthening

The Information Management Branch (IMB) controls all of Region 4's LAN administration. There are 33 file servers that comprise the backbone for 10 LANs serving a variety of EPA Divisions and Offices.

We Found That

Region 4 did not have a LAN security plan nor did it report this omission as a weakness in its fiscal 1996 Federal Manager Financial Integrity Act Assurance Letter, as required by OMB Circulars A-130 and A-123. Security policies document the standards of compliance and identify who is responsible for safeguarding organization assets, including data. Without an adequate LAN security plan, employees would be unable to provide adequate protection against violators.

The Region also had not developed a disaster recovery plan for its LANs. All of Region 4's file servers are located in one room, and a disaster such as a fire, flood, or severe thunderstorm could destroy the Region's critical information. The Region would be unable to institute a timely disaster recovery process because IMB would have to create information on how to get systems restored *after* the disaster, thereby increasing restoration time.

There are no formal procedures to rescind access to Region 4 LANs if an employee is terminated or transferred. In addition, some of Region 4's LAN file server settings did not comply with EPA's LAN Operational Procedures and Standards (LOPS) manual and industry standards, increasing vulnerability to security breaches from hacker attacks. Further, Region 4 lacked policies and procedures for overall LAN maintenance which could result in inconsistent application of settings and loss of accountability.

Region 4's IMB management stated that they were unaware of Federal requirements for formal security and disaster recovery plans. They were also unaware of the need to formalize procedures for terminating LAN user accounts and attributed the non-existence of policies and procedures for LAN maintenance to conflicting priorities and scarce resources.

We Recommended That

The Region 4 Chief, Information Management Branch,

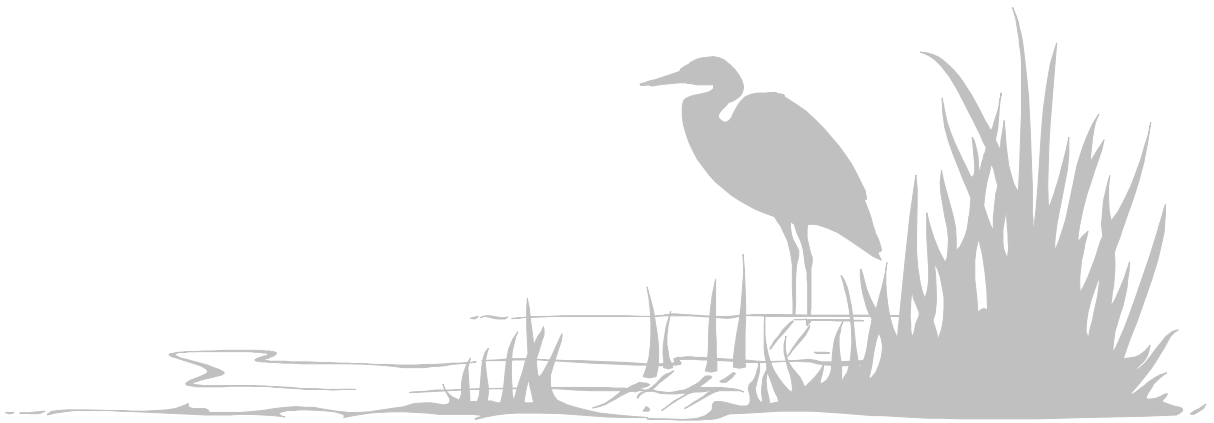
- Establish a formal security plan to ensure that physical and security controls adequately restrict access to LAN data.
- Establish a disaster recovery plan.
- Bring Region 4 LANs into compliance with the Agency's LOPS manual and industry standards.
- Establish a maintenance plan for Region 4 LANs.

What Action Was Taken

We issued the final report (7100308) to Region 4's Chief, Information Management Branch, on September 30, 1997. In responding to the draft report, the Agency agreed to implement our recommendations, and we closed the report upon issuance.

Financial Statements

We are currently conducting our audit of the Agency's fiscal 1997 financial statements. The results will be summarized in our March 31, 1998, semiannual report. We are working jointly with the Agency's financial managers to resolve issues that have prevented it from receiving unqualified opinions on its financial statements. We believe accurate, timely financial information is critical to EPA making the best decisions about how to achieve its environmental goals.



Assistance Agreements

Over the past several years, the OIG has identified problems in the Agency's award and administration of interagency agreements, and assistance agreements at various offices and facilities. These audits determine whether costs claimed by assistance recipients are eligible, supported by documentation, necessary, and reasonable. The following section summarizes the most significant findings and recommendations reported during this semiannual reporting period.

Maryland Department of the Environment (MDE) Overstated Accomplishments

Findings in Brief

MDE significantly overstated Leaking Underground Storage Tank (LUST) program accomplishments and consequently received as much as \$1.4 million in additional grant funds. MDE lacked documentation explaining the acceptance of settlement amounts less than full cost recovery.

During the past four fiscal years, EPA awarded MDE four cooperative agreements totaling \$6.8 million and required the submission of semiannual progress reports showing LUST program activities. EPA Headquarters uses these reports to make nationwide funding recommendations, report progress to Congress, and disclose the results of the program in the Agency's financial statements. The Regional Administrator has the discretion to distribute grant funds across the regional states regardless of the national distribution formula.

We Found That

When reporting fiscal 1996 LUST program accomplishments, MDE significantly overstated the number of confirmed releases, cleanups initiated, and cleanups completed. For example, we estimated that the 480 completed cleanups reported by MDE were overstated by nearly 50 percent. In addition, confirmed releases were overstated by 45 percent and MDE considered some cleanups initiated even when there was no hazard to clean. This over reporting occurred during an extended period resulting in MDE receiving as much as \$1.4 million in additional grant funds. Although MDE has revised procedures to correct this situation, the erroneous reporting of program accomplishments is a systemic problem within EPA.

MDE also did not recover \$616,990 (47%) of the \$1,304,490 of costs associated with three recovery cases completed in fiscal 1996, nor document the reason for accepting settlement amounts less than full cost recovery. We could not determine whether MDE effectively used LUST Trust Fund resources because required documentation was not prepared and maintained. When states do not recover cleanup costs from responsible parties, the state is: 1) relieving responsible parties of their financial obligation; 2) removing the financial incentive to cleanup contamination; and 3) shifting the burden of cleanup costs to the Federal government. MDE has completed drafting new cost recovery procedures which will require proper documentation in all future cost recovery settlements where the MDE achieves less than full cost recovery.

We Recommended That

The Regional Administrator, Region 3:

- Review MDE's new procedures to determine if they will result in accurate reporting of cleanups completed, confirmed releases, and cleanups initiated.
- Perform planned program reviews of all the state LUST programs within Region 3 and make appropriate adjustments to the funding levels to correct any inequities that resulted from inaccurate reporting of program accomplishments.
- Require MDE to document the basis for all future settlements that are for amounts less than full cost recovery.

What Action Was Taken

The final report (7100290) was issued to the Regional Administrator, Region 3, on September 17, 1997. A response to the final report is due by December 16, 1997.

Findings in Brief

EPA awarded cooperative agreements to the National University Continuing Education Association Inc. (NUCEA) and Regional Lead Training Centers (Centers) to develop a national cadre of certified lead based paint abatement specialists. Some of the funds were used to train individuals not involved with lead abatement. In addition, the Agency continued providing funds to the Centers beyond the time when they may have been self-sustaining.

Better Management of Cooperative Agreements for Lead-Based Paint Abatement Training is Needed

EPA wanted to maximize accessibility and public awareness of lead-based paint abatement by offering two training courses throughout the country. For the first three years of this training effort, EPA awarded cooperative agreements to NUCEA to manage and coordinate the establishment and operation of six educational institutions to serve as Training Centers. These Centers were located at the University of Maryland, University of Massachusetts, University of Cincinnati, University of California, University of Kansas, and the Georgia Technical Institute. For the remainder of the effort, cooperative agreements were awarded directly to the Centers. As prescribed by the cooperative agreements, the Agency awarded a total of \$6.1 million to NUCEA and the Centers.

We Found That

Although the purpose of the cooperative agreements was to provide training for individuals who would ultimately be engaged in lead detection and abatement, 1,248 of the 6,134 individuals (20 percent) trained were in occupational fields unrelated to those activities. Funds may have been unnecessarily expended because neither EPA, NUCEA, nor the Centers ensured that attendees used their training for subsequent work in lead detection and abatement activities. Fee waivers of \$250 were paid for each state and local government employee trained to encourage participation by State and local government employees. EPA believed the courses would expedite awareness of Federal requirements for lead paint abatement and encourage states to develop their own statutes and procedures. However, EPA had already paid the two Centers that we reviewed the full cost of training each attendee, including state and local government personnel. As a result, paying fee waivers to the Centers was unnecessary.

At the outset of this training effort, EPA's goal was for the six Centers to be self-sustaining by May 1993. However, EPA continued providing funds to NUCEA through September, 1994, and to the Centers from 1994 through 1996 without performing a financial analysis to determine if tuition revenue was sufficient to

cover the costs of the courses. Since the Centers provided fewer courses in 1997 without EPA funding than in 1993 when they received EPA funding, we believe the Centers could have been considered self-sustaining before 1997. As a result, EPA awarded Federal funds totaling \$5.1 million to achieve a goal it may have already reached.

Project officers did not adequately monitor the two cooperative agreements awarded to NUCEA to ensure that Federal funds were managed properly. We found several oversight weaknesses including a lack of knowledge of the basic facts concerning the agreements, failure to require NUCEA to prepare a separate final project report for each of its two cooperative agreements, high turnover among project officers assigned during the course of the agreements, and agreements remaining open years after the project period.

NUCEA and the Centers claimed \$733,878 of costs for which the eligibility has been questioned and \$218,382 of costs which the OIG determined were not adequately supported.

We Recommended That

The Director of the National Program Chemical Division (NPCD) ensure that costs are only incurred as needed to achieve the objectives of assistance agreements. This would prevent funds from being expended to 1) train individuals unnecessarily, 2) provide needless fee waivers, and 3) support Centers that are already self-sustaining.

The Director, Grants Administration Division recover all ineligible and unsupported costs.

What Action Was Taken

A draft report was issued on May 15, 1997. The Agency vigorously objected to many of the findings and recommendations contained in that report. The final report (7100297) was issued to the Director, Grants Administration Division, and the Director, National Program Chemicals Division, on September 24, 1997. A response to the final report is due by December 24, 1997.

Region 8 Can Improve Management of Nonpoint Sources (NPS) Pollution Program

The Clean Water Act (CWA) requires states to address NPS pollution by developing NPS assessment reports and adopting and implementing management plans. Assessment reports identify and define the sources and extent of NPS pollution, and management plans outline a strategy for implementing NPS controls. The CWA authorizes EPA to award grants to states to help them implement their management programs.

Findings in Brief

Region 8 did not require states to update their NPS management plans, enforce program requirements, or provide adequate state program guidance. Further, states' NPS program management and resource commitment differed significantly. Consequently, EPA and the Congress cannot be assured that the most significant state NPS pollution problems were being addressed.

We Found That

Region 8 should improve its oversight and enforcement of NPS program requirements while providing more programmatic and technical assistance. The Region did not require and states did not provide updated management plans due to anticipated CWA changes, states' low priority on updating plans, and the lengthy assessment process for determining priorities. Colorado, Utah, and Wyoming had not updated their management plans since initial publication in 1989. These plans should be working documents used to identify and fund the highest priority areas with the greatest potential to reduce NPS pollution.

The Region did not enforce program requirements. Region 8 permitted Wyoming to continue using NPS funds even though it had not complied with NPS grant reporting conditions. Wyoming's fiscal 1995 and 1996 annual reports were not timely, well-organized, accurate, or adequate in describing accomplishments. While the project officer attempted to withhold NPS payments, top Region 8 managers directed the release of funds thereby sending a message to other states that continued NPS funding was not dependent upon effective program management.

Region 8 did not finalize its policy on administrative costs or define what qualified as a demonstration project. Each state interpreted administrative costs differently, and the Region could not determine whether they exceeded congressional limits. The states' interpretation of demonstration projects (intended to show the effectiveness of a particular NPS pollution control practice) also differed. Some individual projects implemented the same practice in the same geographic area, even though funding more than one was unnecessary to demonstrate that it worked. As a result, Region 8 and the states had limited assurance that states addressed the most significant nonpoint sources of pollution.

Although each state implemented NPS projects that reduced NPS pollution and achieved NPS objectives, states' NPS program management and resource commitment differed significantly with all relying primarily on EPA funding. Colorado and Utah invested some state funds and had sufficient staff to manage their NPS programs, while Wyoming did not invest any state funds and lacked sufficient staff. In addition, EPA's practice of allowing states to carry forward NPS funds from prior years discouraged states from developing their own capacity and identifying other sources of funding to sustain their NPS programs.

Utah and Wyoming needed to improve financial management of their NPS program. Utah inadvertently included agricultural loan lines of credit in its matching fund pools and did not have supporting documentation for some costs. Wyoming paid for work performed beyond one project's contract period because of the State's burdensome contract amendment process.

We Recommended That

The Acting Regional Administrator, Region 8:

- Establish milestone dates for each state to update its management plan and work with Wyoming to ensure that its management plan identifies NPS pollution priorities.
- Finalize the Region's policy on administrative costs and develop a policy that defines a demonstration project.

- Help states develop a plan to build states' capacity to operate the NPS program without reliance on Federal funding.
- Ensure that Utah and Wyoming make administrative improvements to their financial management.

What Action Was Taken

The final report (7100304) was issued to the Acting Regional Administrator, Region 8, on September 30, 1997. The Region generally agreed with our findings and recommendations and provided a schedule of tasks and completion dates for each recommendation. However, some planned actions need to be more specific. A response to the final report is due by December 31, 1997. Region 8 NPS staff stated that they would work closely with Wyoming and Utah, which have already begun to correct some problems, to improve overall program management and financial accountability. Wyoming submitted an amendment to its 1997 State/EPA agreement to Region 8 reflecting additional staff to be hired and suggesting ways to improve its relationship with the Region. Utah has begun reviewing its matching pool funds to identify and remove ineligible costs before submitting its final claim.

Findings In Brief

Although users generally agreed that the Grants Information and Control System (GICS) is a good national database with extensive information, they cannot rely on the integrity of data in GICS reports due to system limitations and inconsistent data entry.

More Reliable Data Can Improve Management of EPA Grants

GICS was created in 1972 to track EPA Research and Demonstration grants, and eventually expanded to administratively track all EPA grant programs, interagency agreements, and fellowships. It represents the primary management information system for the Grants Management Offices and selected program offices.

We Found That

Regional and Headquarters personnel use different data entry screens and data elements for inputting and accessing the same types of grant information. Without a requirement for the same data elements between regions and Headquarters, information within GICS necessary for tracking, analyzing, and reporting grants may be incomplete.

GICS also lacks a table that includes general information about a grantee. Since the field length is limited and both upper and lower case letters are used, many grantee names are listed in the system several different ways, some with multiple employer identification numbers. A grantee table would eliminate the need to re-enter data every time a grant is initiated and would ensure consistency of grantee names and numbers.

Some data elements have an inordinate number of legitimate codes which can have different meanings within a data element. Many grant specialists only used a few codes because the number of codes was confusing. Extensive or confusing coding results in codes not being used, or used inappropriately, because the user needs to guess which code is appropriate for a grant.

Some reports from GICS contain incomplete data and lack summary information such as totals of funds awarded and outstanding grants. Users who generate customized reports described the report generator as difficult and a process of trial and error.

These weaknesses were caused by the lack of: (1) formal policies for consistent data entry; (2) management oversight; and (3) sufficient edits. Further, management should take a more active role in the operation of GICS.

We Recommended That

The Director, Grants Administration Division:

- Develop, issue and monitor policies governing consistent data entry.
- Review data elements and codes to determine if they are necessary and clearly defined.
- Require a grantee table, adequate edit checks, and summary information reports.

What Action Was Taken

The final report (7100237) was issued to the Director, Grants Administration Division, on June 24, 1997. The Agency substantially agreed with the report's final recommendations. In the October 22, 1997, response to the final report, the Agency indicated that many of the changes called for in the audit have been or will be built into a replacement data entry system being implemented beginning in fiscal 1998. Also, the Agency committed to do an extensive analysis and streamlining of data elements and codes, and to develop policy and training materials based on this revision.

Construction Grants

In December 1996, the Agency declared the Construction Grants Close Out a new material management control weakness under the 1996 Financial Managers' Financial Integrity Act Report to the President and Congress. To assist the Agency in its effort to close out the construction grants program, the OIG, in consultation with the Agency, implemented a revised audit strategy in October 1994 that focuses effort on the most vulnerable grants, based on a risk analysis of each remaining grant subject to audit. When the OIG implemented its revised audit strategy, there were 1,453 grants totaling \$12.4 billion subject to audit. As of September 30, 1997, there were only 79 grants totaling \$1.9 billion which are expected to receive OIG review during the next two years. Summaries of some audits of construction grants with significant issues follow.

Findings In Brief

The City of Brazil, Indiana, claimed \$8,980,800 of ineligible construction and engineering costs that were incurred on a project that did not meet the requirements of the Clean Water Act.

Almost \$9 Million Questioned on Brazil, Indiana, Project

We Found That

EPA awarded a grant totaling \$8,980,800 to Brazil, Indiana, to separate combined sanitary and storm sewers, and to reduce infiltration, inflow, and stream degradation. The \$8,980,800 was ineligible because the project was not constructed in accordance with: (1) the approved facilities plan, (2) the construction plans and specifications, and (3) the requirements of the Clean Water Act.

At the time of our audit, numerous structures were still connected to the old combined sewer that discharges untreated waste into the receiving stream, and excessive ground and surface water was entering the sanitary sewer system. There were also numerous interconnections between the sanitary sewer and the storm sewer that allowed large quantities of storm water to enter the sanitary sewer when it rained, causing overloading of the sanitary sewer and resulting in the discharge of untreated sanitary waste into the receiving stream. Further, sewer pipes were placed at slopes less than standard design minimums which caused backups and local flooding.

We concluded that the grantee had not met its responsibilities to complete the grant project in accordance with established requirements. As a result, the grantee violated the provisions of the Clean Water Act from the date of initiation of operation in August 1988.

We Recommended That

The Regional Administrator, Region 5, annul the grant and recover the Federal share (\$4,939,440) of grant funds paid to the grantee.

What Action Was Taken

We issued the final report(7100192) to the Regional Administrator, Region 5, on May 9, 1997. A response to the report was due on August 5, 1997. Although we have not received a response to the final report, a Region 5 official has stated that Brazil has submitted its proposed plan for meeting the objectives of the original grant-funded project. Negotiations are continuing between the City, State, and Region 5. Further, the City's proposed schedule appears reasonable, but

Findings In Brief

The County of Henrico, Virginia, claimed \$4,244,705 of ineligible construction, engineering, administrative and claim costs for construction of a secondary wastewater treatment plant.

Over \$4 Million Questioned on Henrico County, Virginia, Project

We Found That

EPA awarded a grant totaling \$62,800,420 for basic and \$3,213,580 for innovative and alternative funding for the construction of the secondary activated sludge Henrico Regional Wastewater Treatment Plant. The grantee claimed \$4,244,705 of ineligible costs under the grant, including:

- \$1,192,388 for funds received for failed technology which were not used to rehabilitate the facility;
- \$201,114 for engineering costs which exceeded the cost ceiling contained in the engineering agreement; and
- \$130,337 for construction, engineering and administrative costs outside the scope of the eligible project.

We Recommended That

The Regional Administrator, Region 3, not participate in the Federal share of the ineligible costs (\$4,244,705), and recover the applicable amount from the grantee. We also recommended that the Regional Administrator participate in the additional eligible alternative costs of \$1,203,757.

What Action Was Taken

The final report (7300029) was issued to the Regional Administrator, Region 3, on May 5, 1997. A response to the audit report, due on August 5, 1997, has not been received.

additional details are needed on specific actions to be undertaken.

Contracts

Potential Vulnerabilities in EPA's Contracts Management May Still Exist

In June 1992, the Standing Committee on Contracts Management--now the Resource Management Committee (RMC)--identified seven problem areas and made forty recommendations to correct longstanding weaknesses in contracts management. During fiscal 1997, we performed a survey jointly with EPA's Office of Acquisition Management to determine whether these initiatives were implemented and effective in correcting the identified weaknesses. We found indications of potential vulnerabilities in: (1) personal services; (2) contractor access to confidential or sensitive data; and (3) contractor conflicts of interest.

Although we reported on the status of our work to date, we will continue to conduct additional audit work in each of these areas to assess the potential vulnerabilities. A survey report (7400070) was issued to the Acting Assistant Administrator for Administration and Resources Management on September 30, 1997.

In response to an Office of Management and Budget request, we reviewed EPA's: (1) use of fixed-price contracts; (2) accuracy of independent government cost estimates (IGCE); (3) contract capacity; (4) use of award and incentive fees; (5) use of completion vs. term forms; (6) length of base and option periods; (7) management of Response Action Contracts (RAC); (8) competition of task orders under RACs; and (9) use of performance-based service contracting. We found that EPA has made some progress in correcting past problems related to IGCEs and the management of award fee contracts, such as issuing IGCE guidance, requiring IGCEs for all significant contract actions, and limiting award fees to above-satisfactory performance. However, improvements were still needed and substantial opportunities exist for EPA to lessen its dependence on cost-reimbursable, level-of-effort contracts and move toward more efficient, results-oriented contracting mechanisms.

We found IGCEs were not always adequately prepared and effectively used to analyze proposed contract costs, or to establish prenegotiation objectives. A good IGCE that identifies activities and deliverables and assigns estimated costs to these activities provides a baseline to track actual versus estimated costs and identify potential cost overruns, thus promoting cost-effective contracts. In certain instances, IGCEs did not include detailed cost estimates and represented a projection of available funding rather than an actual cost estimate to complete contract requirements. Also, EPA had not implemented procedures for evaluating past IGCEs or accumulating historical cost information for preparation of current and future IGCEs. As a result, EPA relied heavily on contractors' estimates, often choosing to award contracts and related work at amounts closer to that proposed by the contractor rather than the EPA estimate. EPA's ability to properly estimate its needs and related costs and effectively use these estimates in contract negotiations are crucial for the Agency's transition to more performance based service contracts.

EPA relies almost extensively on cost-reimbursement level-of-effort (LOE) contracts that essentially buy hours, not results, and places the burden of cost control on the government. The Agency's culture preference for LOE contracts, insufficient knowledge of alternative contract types, lack of program accountability for the type of contract to be awarded, inability to clearly define its needs, and broad contract statements of work have perpetuated this continuing reliance on LOE contracts and precluded a complete transition to more efficient, cost-effective contract types.

We recommended that the Acting Assistant Administrator for Administration and Resources Management, in coordination with other appropriate senior managers: require that IGCEs contain estimated costs for each task and be effectively used for contract cost negotiations; develop processes to evaluate the quality of IGCEs and create historical cost databases for use in preparing IGCEs; establish program goals for award of performance-based service contracts; require EPA Senior Resource Officials to implement Office of Federal Procurement Policy that requires documented justification for use of contract types other than performance-based; and develop a strategy for meeting OMB's contract reform goals.

We issued the final report (7100301) to the Acting Assistant Administrator for Administration and Resources Management on September 30, 1997. In responding to the draft report, the Acting Assistant Administrator agreed with most of the findings and recommendations presented. However, the response disagreed with certain audit conclusions and recommendations. He also noted that the Agency has made significant progress in terms of the visibility and quality of contracts management. As indicated, progress is continuous as we proceed with several initiatives to streamline the process and increase management integrity and accountability. A response to the final report is due by December 29, 1997.

Findings In Brief

Significant shortcomings in the documentation security controls and the absence of management approved security plans in both the Small Purchase Electronic Data Interchange (SPEDI) application and the SPEDI Local Area Network (LAN) represent a serious control deficiency.

Major EPA System Has Serious Control Weakness

SPEDI is the part of the Integrated Contract Management System (ICMS) which electronically handles small purchases. It is a major Agency system which handled over \$44 million in purchases in fiscal 1996. OMB Circular A-130 details the required policy and guidance agencies must provide to ensure that automated systems have adequate security programs and documentation.

We Found That

Our survey of 13 SPEDI production sites revealed inadequate security documentation and inconsistent implementation of security controls. None of the 13 sites provided security documentation required for reasonable assurance that general controls were operating properly for the SPEDI application. Further, there was no coordinated overall security documentation for the SPEDI application, and security personnel were confused about their responsibilities, the need for security controls and documentation, and the overall risk. During our audit, the Agency issued interim guidance regarding OMB Circular A-130 requirements.

The lack of management-approved security plans for the SPEDI application and LANs constitutes a serious control deficiency because of a high risk for potential loss or manipulation of security data. Significant shortcomings in documentation of security controls, disaster recovery procedures, and contingency planning

increase the risk of disruption to SPEDI processing and loss of data integrity.

Although the SPEDI production sites were not in compliance with OMB and Agency requirements, they were not identified by assessable unit managers in the 1996 Assurance Letters that we reviewed as a serious internal control weakness. Consequently, top management was not reporting or initiating corrective actions through the Agency's OMB Circular A-123 process.

Some significant improvements were made in the implementation of security controls at the Headquarters site. As a result, several high-risk conditions were corrected which will significantly reduce the level of risk to SPEDI. In addition, a walkthrough of the SPEDI LAN site at Headquarters revealed that good physical security controls were in effect.

We Recommended That

The Director for Information Resources Management finalize and implement Agency policies and guidance for the establishment, completion, and assessment of Application and General Support System Security plans in accordance with OMB Circular A-130.

The Director for Planning, Analysis, and Accountability update Agency Integrity Guidance to comply with current OMB Circular A-123 guidance.

The Director for Acquisition Management direct the ICMS Program Manager to coordinate the completion and approval of SPEDI (ICMS) Application and General Support System Security plans, and provide interim guidance for developing a local Application Security Plan.

What Action Was Taken

The final report (7100307) was issued to the Directors for Information Resource Management; Acquisition Management; and Planning, Analysis, and Accountability on July 18, 1997. In response to the draft report, the Agency issued interim guidance for security plans, and a memorandum to officials reiterating the need to review management controls for the security of Agency information. In response to the final report, the Director, Planning, Analysis and Accountability, agreed with our recommendations and provided milestone dates for corrective actions. Responses to the final report were due October 18, 1997.

Financial Contract Audits

The EPA OIG provides independent contract audits and financial advisory services to EPA's Office of Acquisition Management (OAM) and to other government agencies at certain government contractors. During this reporting period, the OIG maintained contract audit cognizance for 15 contractors where EPA contracts represent the majority of the contractor's total auditable dollars. We are responsible for performing all contract audits at these contractors, including incurred cost audits, proposal reviews, and operations audits. In addition, we provide assistance to OAM in developing negotiation objectives, input for OAM's development of contract-related policy, and analysis of contractor responses to report issues. Presented below are the results of two financial contract audits.

Inadequate Supporting Documentation and Misclassified Costs

An audit of an incurred cost proposal resulted in questioned indirect pool costs of \$2,861,238. The questioned costs were comprised of numerous unallowable, unallocable, and misclassified costs. Our findings included costs associated with the contractor's annual meeting of \$281,686 which were incorrectly classified in the contractor's accounting records. This resulted in an inequitable allocation to government contracts. In addition, computer and reproduction activities were incorrectly classified as overhead expenses, rather than accumulated and accounted for in a separate service center. This increased the risk of an inequitable allocation of costs to government contracts. Finally, marketing costs of \$2,365,406 were improperly included in the general and administrative pool. We questioned this entire amount because it included unallowable costs, unsupported costs, and costs which did not have a causal/beneficial relationship to government contracts and should not have been allocated to them.

Labor Proposed Under EPA Contract Overstated by \$87,601 and Unsupported by \$3,042,852

An audit of \$11,265,658 of labor costs incurred under an EPA contract disclosed \$87,601 of questioned costs and \$3,042,852 of unsupported costs. The questioned costs represent claimed costs which exceed costs actually paid by the contractor. The unsupported costs represent labor costs which were not adequately supported by the contractor's accounting records. The contractor was unable to provide the necessary assurance that all the hours proposed were actually paid to employees. In addition, we were unable to apply audit procedures to obtain adequate assurance the labor amounts proposed were reasonable, allocable, and allowable under Federal Acquisition Regulation, since the contractor's accounting records did not always adequately segregate labor costs.

Section 2 -- Report Resolution

As required by the Inspector General Act, as amended, this section contains information on reports in the resolution process for the semiannual period. This section also summarizes OIG reviews of the Agency's follow-up actions on selected reports completed in prior periods. In addition, information is presented on the resolution of significant reports issued by the OIG involving monetary recommendations.

Current Period

As of September 30, 1997, EPA had 180 OIG audit reports requiring resolution, which was 17 less than the ending balance March 31, 1997.

The number of past due audit reports (reports with no management decision within six months of issuance) dropped from 111 to 92. This represented 51 percent of the reports in the follow-up system as of September 30, 1997, compared to 56 percent as of March 31, 1997.

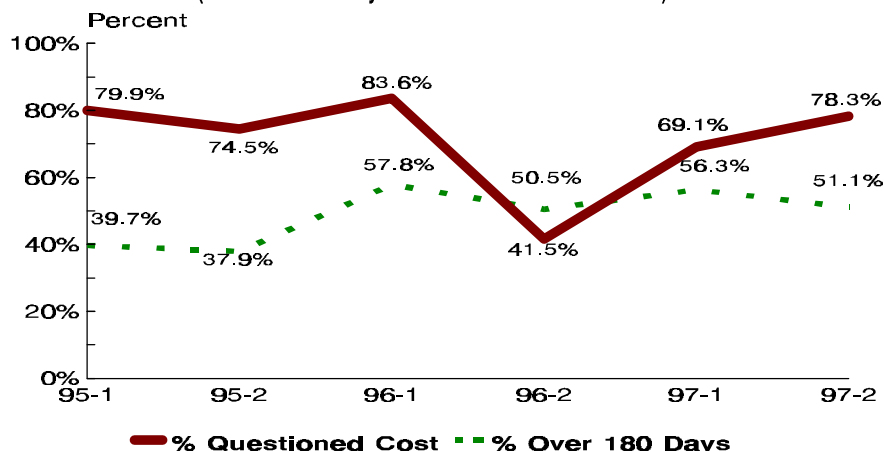
the OIG reports for which management decisions were past due as of September 30, 1997, has increased to 78 percent of total questioned costs to be resolved compared to 69 percent as of March 31, 1997.

As of September 30, 1997, Agency management had not responded to 77 percent (71 of 92) of the past due audit reports. Three EPA offices--Grants Administration Division, Office of Acquisition Management, and Region 3--accounted for 75 percent (53 of 71) of these.

About 5 percent (5 of 92) of the past due reports were preaward audits. As of March 31, 1997, 8 percent (9 of 111) of the past due reports were preaward audits. EPA is one of the few agencies that reports on resolution of audits conducted on preaward contract proposals.

unresolved reports from March 31, 1995 (95 -1) through September 30, 1997 (97-2) show a disturbing trend. Currently, these reports represent 51.1 percent of reports needing resolution, compared to 37.9 percent three years ago. These reports need to be resolved and the funds recovered more expeditiously. While the OIG recognizes that it takes time to reach a management decision on some reports, swift, appropriate resolution allows the government to run better and saves taxpayers the added cost of financing Agency operations through borrowing.

Comparison of Unresolved Reports and Related Costs Questioned
(Past the 180-Day Time Frame for Resolution)



Trends

However, the costs questioned on

Analyses of the Agency's

Status Report on Perpetual Inventory of Reports in Resolution Process for The Semiannual Period Ending September 30, 1997 (Dollar Values in Thousands)

Report Category	No. of Rpts	Report Issuance		Report Resolution Costs Sustained	
		Questioned Costs	Recommended Efficiencies	To Be Recovered	As Efficiencies
A. For which no management decision was made by April 1, 1997	197	\$ 390,096	\$ 19,967		
B. Which were issued during the reporting period	235	\$58,597	0		
C. Which were issued during the reporting period that required no resolution	128	0	0		
Subtotals (A + B - C)	304	448,693	19,967		
D. For which a management decision was made during the reporting period	124	187,717	14,585	48,516	552
E. For which no management decision was made by the end of the reporting period	180	260,976	5,382		
Reports for which no management decision was made within six months of issuance	92	204,361	5,382		

(Any difference in number of reports and amounts of questioned costs or recommended efficiencies between this report and our previous semiannual report results from corrections made to data in our audit tracking system.)

Status of Management Decisions on IG Reports

This section presents statistical information as required by the Inspector General Act Amendments of 1988 on the status of EPA management decisions on reports issued by the OIG involving monetary recommendations.

As presented, information contained in Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by this office. Many of the reports were prepared by other Federal auditors or independent public accountants. EPA OIG staff do not manage or control such assignments. Auditees frequently provide additional documentation to

support the allowability of such costs subsequent to report issuance. We expect that a high proportion of unsupported costs may not be sustained.

Table 1 -- Inspector General Issued Reports With Questioned Costs for Semiannual Period Ending September 30, 1997 (Dollar Value in Thousands)

Report Category	Number of Reports	Questioned Costs*	Unsupported Costs
A. For which no management decision was made by April 1, 1997**	111	\$390,096	\$106,688
B. New reports issued during period	43	58,597	19,384
Subtotals (A + B)	154	448,693	126,072
C. For which a management decision was made during the reporting period	58	187,717	14,289
(i) Dollar value of disallowed costs	48	48,516	7,346
(ii) Dollar value of costs not disallowed	45***	139,200	6,943
D. For which no management decision was made by the end of the reporting period	96	260,976	111,783
Reports for which no management decision was made within six months of issuance	59	204,361	92,399

* Questioned costs include the unsupported costs.

** Any difference in number of reports and amounts of questioned costs between this report and previous semiannual report results from corrections made to data in our audit tracking system.

***Ten audit reports totaling \$ 3,085 were not agreed to by management.

Table 2 -- Inspector General Issued Reports With Recommendations That Funds Be Put To Better Use for Semiannual Period Ending September 30, 1997 (Dollar Values in Thousands)

Report Category	Number of Reports	Dollar Value
A. For which no management decision was made by April 1, 1997*	9	\$19,967
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	9	19,967
C. For which a management decision was made during the reporting period	6	14,585
(i) Dollar value of recommendations from reports that were agreed to by management	1	552
(ii) Dollar value of recommendations from reports that were not agreed to by management	4**	10,913
(iii) Dollar value of non-awards or unsuccessful bidders	2	3,120***
D. For which no management decision was made by the end of the reporting period	3	5,382
Reports for which no management decision was made within six months of issuance	3	5,382

* Any difference in number of reports and amounts of recommended efficiencies between this report and our previous semiannual report results from corrections made to data in our audit tracking system.

** Five reports were included in C(i) and C(ii). Only the related dollars disallowed were included in C(i), whereas the dollars which were not disallowed were included in C(ii).

*** This amount represents the dollar value of recommendations that funds be put to better use, no dollars shown for management decision on these audits.

Audits With No Final Action As Of 9/30/97 Which Are Over One Year Past OIG Report Date				
Audits	Non Superfund	Superfund	Total	Percent
Programs	37	10	47	17%
Allegations	3	-	3	1%
Construction Grants	135	-	135	50%
Assistance Agreements	10	14	24	9%
Contracts	23	40	63	23%
TOTAL	208	64	272	100%

Section 3 -- Office of Investigations--Significant Results

OFFICE OF INVESTIGATIONS GOALS AND ACTIVITIES

OFFICE OF INVESTIGATIONS GOALS: In fiscal 1998, the Office of Investigations will increase its effectiveness in detecting and deterring fraud and other improprieties by increasing the number of assistance and contract cases, improving the percentage of cases resulting in referrals for action, reducing the average time for case completions, and conducting more fraud awareness briefings.

ACTIVITIES TO MEET OUR GOALS

Program Integrity Investigations - Investigations of activities that could undermine the integrity of Agency programs concerning safety and public health and erode public confidence in the Agency. These cases are initiated in response to allegations or may be self-initiated in high-risk areas where there is reasonable suspicion of fraud.

Assistance Agreement Investigations - Investigations of criminal activities related to Agency grants, State Revolving Fund grants, interagency agreements and cooperative agreements, which provide assistance to state, local and tribal governments, universities and nonprofit recipients. Collectively, these programs account for about half of EPA's budget.

Contract and Procurement Investigations - Investigations involving acquisition management, contracts and procurement practices. We specifically focus on cost mischarging, defective pricing and collusion on EPA contracts. The decentralized nature and the complexity of EPA contracting increase the Agency's vulnerability to fraud.

Employee Integrity Investigations - Investigations involving allegations against EPA employees that could threaten the credibility of the Agency.

Investigative Results

Summary Of Investigative Activities

Pending Investigations as of March 31, 1997	169
New Investigations Opened This Period	82
Investigations Closed This Period	95
Pending Investigations as of September 30, 1997	156

Prosecutive and Administrative Actions

In this period, investigative efforts resulted in 8 convictions and 17 indictments.* Fines and recoveries, including those associated with civil actions, amounted to \$579,700. Twelve administrative actions were taken as a result of investigations.

Reprimands	4
Resignations/Removals	2
Restitutions	2
Suspensions & Debarments	3
Other	1
TOTAL	12

* Does not include indictments obtained in cases in which we provided investigative assistance.

Profiles of Pending Investigations by Type

General EPA Programs
Total Cases = 98

Superfund/LUST
Total Cases = 58

Fugitive Indicted as Money Laundering Co-Conspirator

On July 15, 1997, Sonny Igbokwe Wowo, a former Maryland resident, was indicted for conspiracy and money laundering after an investigation into embezzlement of \$1.2 million from the State Revolving Fund (SRF). A substantial portion of the SRF, administered by the Maryland Water Quality Financing Administration (WQFA), was funded by EPA for construction projects. The indictment charges that Wowo and Rufus Ukaegbu, a former chief fiscal officer for the WQFA, funneled the embezzled funds through phony businesses and bank accounts using names similar or identical to those of contractors who had legitimate business with the WQFA. Ukaegbu allegedly initiated and authorized the fraudulent funds transactions, using wire and check transfers.

In June 1994, Ukaegbu pleaded guilty to state charges of theft and federal charges of money laundering. In October 1994, he was sentenced to 41 months imprisonment on the federal charges and repaid the state \$100,000. In November 1994, he was sentenced on the state charges to 20 years imprisonment (10 years suspended), five years probation, and ordered to pay \$1,105,901 in remaining restitution. Ukaegbu is currently serving the remainder of his sentence on federal charges. Wowo is currently a fugitive. *This investigation was conducted jointly by the EPA OIG and the FBI.*

Asbestos Abatement Training Firm Owner Sentenced to Pay Over \$234,000 and Serve 52 Months in Prison and Three Years Probation

On September 26, 1997, Robert G. Cooley was sentenced to 52 months imprisonment and 3 years probation, ordered to pay restitution of \$234,763, and assessed \$100 after pleading guilty to mail fraud and bank fraud in July 1996.

Cooley owned and operated I.P.C. Chicago, Inc. (IPC), a company approved by the Illinois Department of Public Health (IDPH) to provide asbestos abatement training and issue accreditation certificates. IDPH required all asbestos abatement workers and supervisors to be accredited before they could lawfully perform any asbestos abatement work in Illinois. During the course of the scheme, IPC issued accreditation certificates to its customers without the customers receiving the requisite training. Workers possessing IPC certificates were subsequently discovered working on EPA funded Asbestos School Hazard Abatement Act (ASHAA) projects. *This case was investigated jointly by the EPA OIG, FBI, and EPA CID*

Selected Prosecutive Actions

Corporate President Sentenced to Three Years Probation

**Insurance Executive
Sentenced To Pay Over
\$10,000 and Two Years
Probation for Fraud**

special fee. DellaVecchia pleaded guilty on April 11, 1997, to misprision of a felony in connection with a scheme to obtain corporate financing by overstating the price of industrial equipment to be purchased by IETG. DellaVecchia's sentencing concludes a three year investigation by EPA OIG in which Robert Feller, President of Non Hazardous Incineration Corporation (NHI) pleaded guilty to conspiracy to create and distribute false approval letters of the EPA.

On July 11, 1997, David Shewmake, president of Shewmake Insurance Company, was sentenced to two years probation, fined \$5,000, assessed a \$50 fee, and ordered to pay \$5,212 for the cost of probation supervision after pleading guilty to making a false statement to influence the award of an EPA-funded asbestos abatement contract.

As previously reported, in 1991, under the Asbestos School Hazard Abatement Act (ASHAA), EPA approved the funding by the Chicago Board of Education for asbestos abatement at Kennedy High School. The Chicago Board of Education solicited bids from contractors to perform the abatement, including required bid bonds frequently accompanied by a power of attorney certifying authorization of an agent to commit the surety to the promises made in the bid bond.

The indictment charged that Loyalty Environmental, Inc., a private company engaged in asbestos removal, submitted a bid package of \$1,444,015 containing a fraudulent bid bond and power of attorney that Shewmake prepared on behalf of Indiana "Lumberman's" Mutual Insurance Company using an embossing device bearing the name of the insurance company from a local printer.

On July 18, 1997, Laurence DellaVecchia, former president of Innovative Environmental Technologies, Inc. (IETG), was sentenced in United States District Court, District of New Jersey, to 3 years probation and assessed a \$50

**Business Owner Indicted for
Impersonating a United States Officer
and Mail Fraud**

restaurants in various states by mailing a notice that falsely purported to be from a U.S. government agency, the United States Environmental Protection Enforcement Agency (EPEA), requiring the restaurant owners to file and pay an annual registration fee of \$189, under the Clear Air Act to Birt's business address. The notice warned that failure to comply could result in a temporary restraining order or a permanent injunction and a civil penalty of up to \$5,000 per day.

On June 20, 1997, a superseding indictment charged Birt with additional counts of mail fraud. *This investigation was conducted jointly by the EPA OIG and Postal Inspection Service.*

**Former Laboratory
Directors Plead Guilty to
Falsifying Test Results;
Company Charged**

On June 27, 1997, Michael Louis Klusaritz, former director of Hess Environmental Laboratories (Hess), East Stroudsburg, PA, pleaded guilty to falsifying water and sewage test results for the Tobyhanna Army Depot and other clients. Klusaritz was charged on June 19, 1997, with making false statements, false claims, and mail fraud. Phase II Laboratories, which is owned by Klusaritz, also pleaded guilty to similar charges. Klusaritz admitted falsifying test results and billing customers more than \$223,000 for testing that, in most cases, was never done.

On September 17, 1997, Judith McCoy, a former Hess Technical Manager, pleaded guilty of conspiracy to defraud the government, making false statements, and mail fraud while she was acting laboratory director at Hess. McCoy ran the laboratory after Klusaritz left in June 1995 and continued the falsified environmental testing at the direction of another Hess official. Some of the falsified results reported lower amounts of contaminants and hazardous materials when, in fact, they exceeded regulatory levels. She was charged on July 30, 1997, with falsifying test results and billing customers more than \$27,000 for the false results. On September 29, 1997, an information was filed charging Hess with conspiracy, false statements, false claims, mail fraud, and violations of the Clean Water Act. *The investigation was conducted jointly by the EPA OIG, the EPA CID, and the Army Criminal Investigations Command.*

**Businessman Convicted;
Partner Sentenced to Pay
\$70,000 and Serve Five
Years Probation for
Conspiracy**

On July 14, 1997, Richard D. Salvatierra was convicted in United States District Court for the District of Maryland on three counts of filing false personal and corporate income tax returns. On December 18, 1996, Salvatierra, an officer and shareholder of Ricards International, Inc. (RII), of Silver Spring, Maryland, was indicted on charges of conspiracy to defraud the United States, false claims, aiding and abetting, and filing a false tax return. Salvatierra was also

On June 2, 1997, Larry Birt, owner of Kentron of Georgia, a refrigeration, heating and air conditioning business, was arrested following his indictment on charges of impersonating an officer of the United States to obtain money and mail fraud. The indictment charges that Birt defrauded

as part of the conspiracy, Salvatierra and Edsel Billings, former officer at RII and shareholder in PLI, divided extra funds generated by the inflated costs between themselves by having PLI pay certain personal expenses, claiming them as business expenses on their income tax returns.

On July 30, 1997, Billings was sentenced to five years probation, ordered to pay restitution of \$70,000, and a special fee of \$50, after pleading guilty to conspiracy on March 17, 1997. *This investigation was conducted jointly by the EPA OIG, the HHS OIG, and the Internal Revenue Service.*

EPA Employee Sentenced to Probation, Community Service, and Ordered to Pay \$3,453 in False Claims Case

On June 19, 1997, James M. McDuffie, an EPA personnel management specialist, was sentenced to one year probation, 50 hours of community service, fined \$2,000, ordered to pay restitution of \$1,428, and a \$25 special fee, after pleading guilty to submitting a false claim for mileage expenses while on an Intergovernmental Personnel Act assignment. An investigation revealed that McDuffie claimed mileage expenses for travel between his residence and his post of duty at North Carolina A&T University in Greensboro, North Carolina, when he did not report to his post of duty.

Company and Its President Charged; President Arrested

On May 7, 1997, Christopher Tate, president of Safety Management Institute, Inc. (SMI), Roaring Spring, PA, was arrested on charges of tampering with public records, forgery, unsworn falsification to authorities, and violating the Underground Storage Tank Act. Tate was previously arrested on April 16, 1997, on charges of various environmental violations. SMI was a contractor engaged in the removal of underground storage tanks in Hanover, PA, during 1994 when Tate allegedly falsified documents, transported hazardous waste without a license, and failed to report that he was previously suspended and debarred from government contracting. *This investigation was conducted jointly by the EPA OIG and the Environmental Crimes Section of the Office of the Attorney General, Commonwealth of Pennsylvania.*

an officer and shareholder in Potomac Leasing, Inc. (PLI), which leased warehouse and office space and then subleased the space to RII at a higher rate. These higher costs were billed to EPA and the Department of Health and Human Services (HHS). Further,

EPA Project Officer Pleads Guilty to Conflict of Interest

authorizing EPA to make a \$33,894 payment to benefit Lyndon Lee and Associates, Inc. (LLA), on a matter pending under his authority while he negotiated and accepted future employment with LLA.

EPA gave the State of Minnesota a grant to assist in financing Wetland Conservation training. Rockwell advised the Minnesota Board of Water and Soil Resources (MBWSR) of the ability of LLA to provide the wetland conservation training, and LLA was awarded the contract. Rockwell acted as the project officer on the wetland conservation training project and acted as an instructor during the training provided by LLA. Rockwell began negotiating future employment with LLA in August 1992. Rockwell authorized payment of EPA funds to LLA in September 1992. Rockwell signed an employment agreement with LLA in December 1992, and he resigned from EPA in January 1993. Rockwell was employed by LLA from January 18, 1993, through March 12, 1993 and was rehired by EPA on May 1, 1994.

On August 14, 1997, Theodore Rockwell, an EPA Region 10 Environmental Scientist, pleaded guilty in United States District Court, District of Alaska, to violating Federal conflict of interest statutes. On July 7, 1997, Rockwell was charged with

Investigations and audits conducted by the Office of Inspector General provide the basis for civil and administrative actions to recover funds fraudulently obtained from EPA. Through the Inspector General Division of the Office of General Counsel, the OIG uses a variety of tools to obtain restitution. These include cooperative efforts with the Department of Justice in filing civil suits under the False Claims Act, the Program Fraud Civil Remedies Act, and other authorities; working with grantees using their own civil litigation authorities; invoking the restitution provisions of the Victim and Witness Protection Act during criminal sentencing; using the Agency's authority to administratively offset future payments and to collect debts; and negotiating voluntary settlements providing for restitution in the context of suspension and debarment actions. Civil and administrative actions to recover funds usually extend over several semiannual reporting periods.

**Company Agrees to
\$150,000 Settlement on
Double Billing and
Unsubstantiated Charges**

On September 3, 1997, Waste-Tron, Inc., of Charleston, West Virginia, agreed to pay the government \$150,000 in a settlement agreement with the United States Attorney's Office, Eastern District of Pennsylvania, to resolve allegations that the company, as a subcontractor, caused false claims to be submitted through the government's prime contractor OH Materials Corp., now OHM Remediation Services, in connection with the cleanup of a polluted site. The Fike/Artel Chemical Superfund Site in Nitro, West Virginia, consisted of a 12-acre facility, including a chemical production facility and various disposal areas for wastes that had been produced by the chemical processes. Waste-Tron, as a subcontractor, was responsible for the transportation and disposal of waste from the Fike/Artel Site. The investigation resulted in allegations that Waste-Tron submitted fraudulent invoices to OHM that inflated the quantities or nature of the wastes disposed, improperly added charges for transportations and disposal of waste which had already been billed, and was paid twice in some instances.

**Contractor Required to Pay
Over \$92,000**

On April 21, 1997, Chemical Waste Management, Inc. (ChemWaste), of Bensalem, Pennsylvania, entered into a settlement agreement with the Department of Justice requiring ChemWaste to pay \$92,685 to resolve civil fraud and contract claims arising out of work performed by the company at the Moyer Landfill Superfund Site in Montgomery, Pennsylvania. In 1989, the U.S. Army Corps of Engineers contracted with ChemWaste for remediation work at the site. In January 1993, ChemWaste disclosed to the Department of Defense that

**Civil and Administrative
Actions to Recover EPA
Funds**

**EPA Contractor Agrees to Pay \$10,000
and Remove Over \$300,000 in Incentive
Compensation Cost from Overhead**

settlement agreement with the United States in which it agreed to remove \$300,443 in incentive compensation from its incurred cost submission for 1993, 1994 and 1995, and pay the United States \$10,000. The civil settlement was the result of an investigation into allegations that JWK improperly charged salaries, travel costs, direct labor, and consultant costs to an EPA contract. *This investigation was conducted jointly by the EPA OIG and the Naval Criminal Investigative Service.*

ChemWaste employees had failed to conduct air and Geiger counter monitoring at the site as required by the contract. *This investigation was conducted jointly by the EPA OIG and the Defense Criminal Investigative Service.*

On April 24, 1997, JWK International, Inc. (JWK), entered into a civil

responsible. EPA enforces this policy by suspending or debarring contractors, assistance recipients, or individuals within those organizations, from further EPA contracts or assistance if there has been a conviction of, or civil judgment for, specific offenses, including the commission of any offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of an entity or individual.

An entity or individual may also be debarred for any other cause of so serious or compelling a nature that it affects its present responsibility. Debarments are to be for a period commensurate with the cause, but generally do not exceed 3 years.

The EPA Suspension and Debarment (S&D) Division in the Office of Grants and Debarment operates the S&D program at EPA. The OIG assists the EPA S&D program by providing information from audits, investigations, and engineering studies; and obtaining documents and evidence used in determining whether there is a cause for suspension or debarment.

The action summarized below resulted from an OIG investigation:

- On April 22, 1997, EPA debarred James B. Speer, Jr., for 15 years from July 3, 1995, the date of the EPA Notice of Suspension and Proposed Debarment. Speer is the former project manager for the Olympic View Environmental Review Council (OVER-C), an EPA grantee. On July 1, 1997, Cassandra Wohlgethan, Speer's associate, was also debarred for three years from July 3, 1995. An OIG investigation revealed that Speer embezzled funds from OVER-C by paying himself \$82,000 instead of fully paying a contractor for consultant services. As previously reported, on March 30, 1995, Speer was convicted on 26 counts of first and second degree theft and, on May 5, 1995, was sentenced to 66 months incarceration and ordered to make full restitution. Wohlgethan was not prosecuted in connection with the embezzlement, but was debarred for allowing funds that she knew or had reason to know were illegally obtained by Speer to be placed in her credit union account. *This investigation was conducted jointly by the EPA OIG and the Kitsap County, Washington, Prosecuting Attorney's Office.*

Selected Suspension and Debarment Actions

EPA's policy is to do business only with contractors and assistance recipients who are honest and

Section 4-- Fraud Prevention and Management Improvements

This section describes activities of the Office of Inspector General to promote economy and efficiency and to prevent and detect fraud, waste, and abuse in the administration of EPA programs and operations. This section includes information required by statute, recommended by Senate report, or deemed appropriate by the Inspector General.

Advisory and Assistance Services

Allegations of Fraud in Methyl Parathion Program

Responding to a request from Agency regional officials, OI special agents began investigating allegations of fraud in the methyl parathion relocation program. Early in the course of the investigation, systemic vulnerabilities within the program were identified. OI special agents had a positive effect on the integrity of the program by helping to establish identification and verification procedures for applicants and household members at the time of application and prior to release of subsistence payments. OI suggested other improvements in the application process to help protect against abuse and fraud, to include a certification form with a warning regarding penalties for false statements, a medical release form, and interview questions designed to identify fraudulent claims. To raise awareness concerning the potential for program abuse, the investigators conducted fraud awareness briefings for Agency and Army Corps of Engineers personnel who were assisting with the relocation of residents from contaminated dwellings and with removal and clean-up activities, and for other state and local officials in the affected regions. Individual investigations have resulted in the program addressing numerous ineligible applicants which represent a considerable cost savings, and several cases are being considered for prosecution by the Department of Justice.

Controls Over Emergency Removal Actions at Methyl Parathion Sites

At the Agency's request, the Office of Audit assessed controls over emergency Superfund removal actions at sites contaminated with methyl parathion. Methyl parathion, a highly toxic pesticide registered for outdoor agricultural use, was illegally sprayed inside numerous businesses and residences. The methyl parathion removal actions included environmental and biological sampling, resident relocation, and residence decontamination and restoration.

We found that EPA could strengthen controls over the emergency removal process for methyl parathion. The lack of clear and concise guidance has resulted in potential risks in implementing new sampling procedures to detect excessive levels of methyl parathion in residents, and increased costs and delays in completion of residential restorations. EPA did not adequately address resources to collect and analyze the samples, subsequent monitoring, or procedures for disclosure and notification of changes in residential occupancy. Without adequate resources and procedures, implementation of the new procedures could result in reduced effectiveness of the program and create increased exposure and adverse health effects.

Lack of clear guidance also contributed to inconsistencies in decisions to clean up contaminated businesses, the potential for fraudulent and excessive relocation costs, and inconsistencies in the documentation of personal property items. The lack of specific detail in some regions could expose EPA to fraudulent claims and additional expenses should residents dispute reimbursements and/or claim items as missing or damaged.

A report (7400069) was issued to the Acting Assistant Administrator for Solid Waste and Emergency Response on September 23, 1997. We suggested that EPA modify existing guidance and develop new guidance to address emergency removal actions at methyl parathion sites. EPA has issued several new directives which address some of our concerns.

Implication of Conflicts of Interest Not Supported

The book, Toxic Deception: How the Chemical Industry Manipulates Science, Bends the Law, and Endangers Your Health refers to 3,363 trips taken by Agency employees over a two-year period that were reimbursed (over \$3 million) by the industry. The

book implies that sponsoring these trips influences the regulatory decisions of key Agency officials. The book also discusses a number of top level officials and staff who have left EPA for jobs in the industry (the revolving door) alleging that this activity is the most effective method for the industry to stifle regulations. At the request of EPA's Deputy Administrator, we reviewed these issues.

We found that the facts presented in the book were essentially correct. However, the facts did not support the implication of any violation of the applicable Ethics Reform Act of 1989 and its implementing regulations. We found that the applicable internal controls are sufficient regarding these issues; and therefore, we made no recommendations. The report (7100227) was issued to the Deputy Administrator on June 16, 1997.

Inferior Materials Replaced, Current Costs Reduced, Future Costs Avoided in California Wastewater Treatment Plant.

An investigation determined that four subcontractors installed substandard, non-conforming material during construction of the North City Water Reclamation Plant in San Diego, California. As a result, inferior materials were replaced where possible, contract amendments were effected, and significant future costs were avoided. As part of the special appropriations for Coastal Cities grants for the construction of wastewater treatment plants, EPA granted \$75,950,000 for the North City Water Reclamation Plant. The United States entered into a treaty with Mexico to allow wastewater from Tijuana to be diverted to the new treatment plant. Previously, this wastewater was allowed to enter into the Tijuana River and it eventually reached and contaminated San Diego Bay. Based upon information supplied by the Army Corps of Engineers, the investigation identified substandard, non-conforming material installed by four electrical and mechanical subcontractors at the site. Unistrut supports and pipe hangers contained lower grade corrosion coating material than called for in the contract specifications. Technical support for the investigation was provided by the EPA Office of Audit, Engineering and Science Staff.

Review of Legislation and Regulations

Section 4(a)(2) of the Inspector General Act of 1978, as amended, directs the Office of Inspector General to review existing and proposed legislation and regulations relating to Agency programs and operations to determine their effect on economy and efficiency and the prevention and detection of fraud and abuse. During this semiannual period, we reviewed three legislative and 44 regulatory items. The most significant items reviewed are summarized below.

H.R. 96 - Small Business Regulatory Assistance Act of 1997

While we recognize the bill's goal of assisting voluntary compliance with Federal regulations by small businesses, we expressed concern with the proposed mechanism for achieving this objective. Specifically, Small Business Development Centers, staffed by non-EPA, non-Federal employees, would provide advice and assistance in interpreting Federal regulations for small businesses. Such a function appears to be inherently governmental and would best be performed by Federal employees.

We also expressed concern with the provision allowing participating small businesses to be in full compliance if they fulfilled certain compliance objectives and priorities, because the bill did not indicate who would make this determination and what means used to achieve the objectives would be acceptable.

Finally, we disagreed with the provision granting anonymity to participating small businesses because we believed it would hinder EPA's enforcement program.

In its May 12 response to the Office of Management and Budget, EPA's Office of Congressional and Legislative Affairs (OCLA) also opposed the development of Small Business Development Centers. OCLA stated that such a mechanism would divert funds from an efficient, direct method of counseling to administrative costs and an additional "middleman." OCLA also expressed concern with the compliance provision and stated that any "compliance" schedules established by the Centers would not be enforceable and would be hidden from the public under the confidentiality provision.

Contracts Management Manual Chapter 1

We commented that the revised chapter, which provides guidance on acquisition and contract management planning, did not adequately address performance-based service contracting or fixed-price contracting. We recommended that the chapter be revised to require program offices to demonstrate in their plans how conversion from level-of-effort type contracts to performance-based contracts will be accomplished, or explain why it is not feasible to do so. We also noted that the chapter did not highlight certain important requirements of FAR 7.105, which addresses the contents of acquisition plans.

At the end of the reporting period, the Agency had not issued a revised document.

Revised Draft Implementation Order to Streamline Small Grants

While the revised version addressed our concerns with the initial document, it did not:

- clearly indicate how EPA will determine whether small grant recipients meet required criteria or who will make this determination;
- describe the extent of financial information needed for an award decision; what guidance will be used to conduct a price analysis of the applicant's proposed budget; or require that the analysis be documented and maintained in the grant file;
- require grantees to satisfactorily complete the Final Project Report and the Financial Status Report before final payment is made, regardless of the size of the grant award; and
- require that the maximum allowable amount of preaward costs be specified in the grant award.

The Agency had not revised the document at the end of the reporting period.

Revision of Delegations Manual 1-11, Interagency Agreements

We did not concur with the proposed revision concerning the award of interagency agreements because it did not specify that the Assistant Administrators and Regional Administrators must

consult their Senior Resource Official prior to exercising their authority. We also pointed out that while supporting documents indicated that Associate Award Officials would have limited authority, the revised delegation contained no limitation.

At the end of the reporting period, the OIG and Agency were working to resolve OIG concerns.

EPA Plan for a Drug-Free Workplace

We did not concur with the draft document because it did not adequately reflect the independent status of the OIG. We recommended that the document specify that personnel decisions for OIG employees be made by the Inspector General.

We also recommended that the policy statement make clear that the Federal policy of zero tolerance for drug use will be unaffected by conflicting state laws and that employees who voluntarily admit to drug use will be subject to certain administrative actions. Finally, we indicated that additional OIG positions should be added to the list of Testing Designated positions.

At the end of the reporting period, the OIG and the Agency were working to resolve OIG concerns.

OIG Management Initiatives

As part of our continuing reinvention efforts, we consolidated activities in the immediate Office of Inspector General (OIG) and the Office of Management (OM) which will result in a more systematic, streamlined approach to performing many administrative and technical functions. The Program Support Staff (PRSS), which replaces OM, will provide complete, high-quality, timely support services to the Offices of Audit and Investigations. Within PRSS, we have also consolidated and co-located budget execution staff who were previously split among the three offices. The sharing of knowledge, expertise, and responsibilities will enable

the new budget team to develop and execute the OIG budget in a highly efficient and effective manner.

Committee on Integrity and Management Improvement

The Committee on Integrity and Management Improvement (CIMI) was established in 1984 by EPA Order 1130.1 to coordinate the Agency's effort to minimize the opportunities for fraud, waste, and mismanagement in EPA programs and activities. CIMI strives to continually increase employee awareness and understanding of various Agency policies and procedures. The Committee is composed of senior EPA program and regional officials and is chaired by the Acting Inspector General.

PUBLIC SERVICE RECOGNITION WEEK

To pay tribute to EPA's employees and to convey appreciation for their outstanding contributions toward the Agency's mission and to the overall well-being of our Nation, CIMI sponsored a series of special events and exhibits during the eleventh annual EPA Headquarters observance of Public Service Recognition Week. The highlight of the week's events was a special ceremony honoring the EPA work force, at which 33 employees from ten Headquarters organizations were presented with the EPA Employee Recognition Award for Community Service. Acting Inspector General Nikki Tinsley served as mistress of ceremonies for the event; several EPA employees provided musical entertainment; and our guest speaker, UPI White House Bureau Chief Helen Thomas, reflected upon her long and illustrious career and discussed the importance of public service. Following the ceremony, the Administrator and the Acting Inspector General hosted a reception for the 1997 awardees.

Hotline Activities

The OIG Hotline opened 12 cases and completed and closed six cases during the reporting period. Of the cases closed, two resulted in environmental,

prosecutive, or administrative corrective action. Cases that did not have immediate validity due to insufficient information may be used to identify trends or patterns of potentially vulnerable areas for future review. At the end of this semiannual reporting period, 38 Hotline cases were open.

The following is an example of corrective action taken as a result of information provided by the OIG Hotline:

A complainant alleged that Region 5's Office of Regional Counsel employed a non-United States citizen in a position requiring citizenship. The matter was referred to the Office of Human Resources and Organizational Services, which conducted an inquiry that led to the employee's termination.

Appendix 1 -- Reports Issued

THE INSPECTOR GENERAL ACT REQUIRES A LISTING, SUBDIVIDED ACCORDING TO SUBJECT MATTER, OF EACH REPORT ISSUED BY THE OFFICE DURING THE REPORTING PERIOD AND FOR EACH REPORT, WHERE APPLICABLE, THE DOLLAR VALUE OF QUESTIONED COSTS AND THE DOLLAR VALUE OF RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE.

Assignment Control Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
1. INTERNAL AND MANAGEMENT ASSIGNMENTS						
Deputy Administrator						
E6AMF7-11-0010-7100227	CENTER FOR PUBLIC INTEGRITY TOXIC DECEPTION	6/16/97				
Associate Administrator for Regional Operations and State/Local Relations						
E1PMF6-05-0115-7100277	EPA'S MANAGEMENT OF REGIONAL LABS	8/20/97				
FMD Cincinnati Accounting Operations Office						
E1AMG6-23-7096-7400037	CFO ACT 96 FMD-CINCINNATI	4/24/97				
Grants Administration Division						
E1FEF7-13-0087-7100236	EPA AND GRANTEE CONTROLS OVER LOBBYING EXPENSES	6/19/97				
E1NMF6-15-3044-7100237	INTEGRITY OF DATA IN THE GRANTS INFORMATION AND CONTROL SYSTEM	6/24/97				
Assistant Administrator for Administration and Resources Management						
E1SKF7-04-0037-7100301	OMB REQUESTED REVIEW OF EPA CONTRACTING	9/30/97				
E1YFB7-05-0002-7400070	CONTRACT MANAGEMENT INITIATIVES	9/30/97				
E1FEF6-13-0079-7100296	SENIOR ENVIRONMENTAL EMPLOYMENT (SEE) PROGRAM	9/29/97				
Office of Information Resources Management						
E1NMF5-15-3037-7100284	EPA INTERNET SECURITY	9/ 5/97				
E1AMR7-15-7012-7100307	SECURITY OF SMALL PURCHASE ELECTRONIC DATA INTERCHANGE (SPEDI) LANS	7/18/97				
Assistant Administrator for Solid Waste & Emergency Response						
E1DSF7-11-0005-7100274	REVIEW OF RCRA FACILITY INVESTIGATIONS	8/13/97				
Assistant Administrator for Water						
E1DMF6-08-0016-7100223	HARDROCK MINING LIABILITIES	6/11/97				
Office of Emergency & Remedial Response						

E1SFB7-06-0020-7400069 ASSESSMENT OF CONTROLS OVER 9/23/97
EMERGENCY REMOVAL ACTIONS AT
METHYL PARATHION SITES

Assistant Administrator for Enforcement & Compliance Assurance

E1GAE5-05-0169-7100306 CONSOLIDATION REVIEW OF THE AIR 9/30/97
ENFORCEMENT AND COMPLIANCE
ASSISTANCE PROGRAMS

Director of Environmental Justice

E1FME6-01-0086-7100247 NATIONWIDE AUDIT OF ENVIRONMENTAL 7/30/97
JUSTICE SMALL GRANT PROGRAM

Regional Administrator - Region 1

E1KAD7-01-0017-7100305 VALIDATION OF AIR ENFORCEMENT 9/29/97
DATA REPORTED TO EPA BY
MASSACHUSETTS

E1FMG6-01-0071-7400058 LESSONS LEARNED FROM THE 7/24/97
MASSACHUSETTS GRANT FLEXIBILITY
PROGRAM

Regional Administrator - Region 2

E1EPF6-02-0027-7100213 TOXIC RELEASE INVENTORY 5/28/97

E1SHF6-02-0047-7100288 EMERGENCY RESPONSE MANAGEMENT AT 9/16/97
SUPERFUND REMOVAL SITES

Regional Administrator - Region 3

E1KAF7-03-0047-7100302 REGION 3'S OVERSIGHT OF 9/29/97
MARYLAND'S AIR ENFORCEMENT DATA

Chief Information Management Branch - Region 4

E1NMF7-15-0001-7100308 SECURITY OF REGION 4 LANS 9/30/97

Director Science & EcoSystems Support Division -
Region 4

E1NMF7-15-0001-7100309 SECURITY OF SCIENCE AND 9/30/97
ECOSYSTEMS SUPPORT DIVISION LANS

Regional Administrator - Region 5

E1AMG6-05-7596-7400036 CFO ACT 96 -- REGION 5 4/24/97

Regional Administrator - Region 6

E1GAF7-06-0014-7100295 REGION 6'S OVERSIGHT OF ARKANSAS 9/26/97
AIR ENFORCEMENT DATA

Regional Administrator - Region 8

E1HWF7-08-0009-7100304 REGION 8 NONPOINT SOURCE PROGRAM 9/30/97

Regional Administrator - Region 9

E1GAD6-09-0023-7100246 REGION 9'S ENFORCEMENT OF THE 7/24/97
CALIFORNIA AIR COMPLIANCE AND
ENFORCEMENT PROGRAM

TOTAL = 26 0 0 0 0

2. CONSTRUCTION GRANT ASSIGNMENTS

E2CWP5-01-0171-7400046	WEST WARWICK	RI	5/19/97	1,374,670	0	0	0
TOTAL OF REGION 01 = 1				1,374,670	0	0	0
P2CWL5-02-0014-7100185	NASSAU COUNTY - CEDER CREEK NY	NY	4/30/97	93,515	13,538,839	0	0
P2CWL2-02-0085-7100212	PRASA MAYAGUEZ RS	PR	5/28/97	302,113	1,315,732	0	0
P2CWL4-02-0093-7100273	PARSIPPANY-TROY HILLS	NJ	8/11/97	1,959,778	1,549,129	0	0
TOTAL OF REGION 02 = 3				2,355,406	16,403,700	0	0
E2CWN6-03-0147-7300041	UPPER GWYNEDD-TOWAMENCIN	PA	9/17/97	225,670	285,275	0	0
E2HTP7-03-0134-7400048	WV INTERNAL CONTROLS-SRF	WV	5/30/97	0	0	0	0
P2CWN5-03-0035-7300029	HENRICO COUNTY	VA	5/ 5/97	4,244,705	0	0	0
P2CWN4-03-0042-7300032	COLUMBIA, DIST OF	DC	5/30/97	892,825	296,451	0	0
P2CWN5-03-0039-7300033	COLUMBIA, DIST OF	DC	6/ 2/97	1,985,919	285,709	0	0
TOTAL OF REGION 03 = 5				7,349,119	867,435	0	0
E2CWN6-04-0022-7300030	GASTONIA	NC	5/14/97	268,924	0	0	0
E2CWN4-04-0218-7300035	MANATEE COUNTY	FL	6/ 4/97	873,286	0	0	0
E2CWN6-04-0050-7300037	CAVELAND SANITATION AUTHORITY	NY	6/ 5/97	92,652	0	0	0
E2CWN5-04-0134-7300038	HILLSBOROUGH COUNTY	FL	6/19/97	84,903	0	0	0
TOTAL OF REGION 04 = 4				1,319,765	0	0	0
E2CWL6-05-0052-7100192	BRAZIL	IN	5/ 9/97	0	0	4,939,440	0
E2CWL5-05-0125-7100275	PORTAGE LAKE WSA	MI	8/14/97	5,367	0	0	0
E2CWL5-05-0080-7100276	BARAGA	MI	8/14/97	26,838	0	0	0
E2CWM6-05-0058-7200007	WINCHESTER	MI	5/ 1/97	77,060	0	0	0
E2CWM6-05-0049-7200008	MONROE CO	MI	5/27/97	120,766	0	0	0
E2CWM6-05-0048-7200018	WAYNE CO	MI	8/ 4/97	269,676	0	0	0
E2CWM6-05-0045-7200019	WAYNE CO	MI	8/ 4/97	99,973	0	0	0
E2CWM6-05-0047-7200020	WAYNE CO	MI	8/ 8/97	72,894	0	0	0
TOTAL OF REGION 05 = 8				672,574	0	4,939,440	0
E2BWN6-09-0063-7300039	HAWAII, COUNTY OF	HI	7/31/97	61,062	0	11,873,026	0
E2HTP7-09-0063-7400057	ARIZONA - SRF	AZ	7/23/97	0	0	0	0
TOTAL OF REGION 09 = 2				61,062	0	11,873,026	0
TOTAL CONSTRUCTION GRANT ASSIGNMENTS = 23				13,132,596	17,271,135	16,812,466	0

3. OTHER GRANT ASSIGNMENTS

C3HVK7-33-0001-7500038	ANNE ARUNDEL COUNTY	MD	5/20/97	0	0	0	0
C3HVK7-33-0012-7500045	FORT LAUDERDALE CITY OF	FL	7/15/97	0	0	0	0
C3HVK7-33-0011-7500051	ILLINOIS EPA	IL	9/11/97	0	0	0	0
G3HVK7-33-0003-7500040	WASHINGTON SUBURBAN SANITARYMD	MD	5/22/97	0	0	0	0
N3HVK7-33-0002-7500039	NEBRASKA, STATE OF	NE	5/21/97	0	0	0	0
N3HVJ7-33-0004-7500041	LOUISIANA STATE OF	LA	6/ 5/97	0	0	0	0
N3HVK7-33-0005-7500042	BALTIMORE	MD	6/ 5/97	2,619,911	0	0	0
N3HUK7-33-0006-7500043	ALASKA NATIVE HEALTH BOARD	AK	6/18/97	0	0	0	0
N3HUK7-33-0008-7500044	UNIVERSITY OF AKRON	OH	6/27/97	0	0	0	0
N3HMK7-33-0007-7500046	MORONGO BAND OF MISSION INDSCA		7/15/97	0	0	0	0
N3HVK7-33-0018-7500047	NEW JERSEY STATE OF FYE 6/95NJ		7/29/97	0	0	0	0
N3HVJ7-33-0019-7500048	IDAHO STATE OF	ID	7/31/97	0	0	0	0
N3HVJ7-33-0017-7500049	FLORIDA STATE OF FYE 6/96	FL	8/27/97	0	0	639,653	0
N3HVJ7-33-0017-7500050	FLORIDA STATE OF FYE 6/96	FL	8/27/97	0	0	0	0
N3HUK7-33-0026-7500052	NATIONAL ACADEMY OF SCIENCE	DC	9/15/97	0	0	0	0
N3HVK7-33-0023-7500053	MASS. COMMONWEALTH OF	MA	9/22/97	0	0	0	0
N3HVK7-33-0020-7500054	ILLINOIS DNR	IL	9/22/97	0	0	0	0
N3HVK7-33-0016-7500055	ILLINOIS DMN	IL	9/22/97	0	0	0	0
N3HVH7-33-0031-7500056	BALTIMORE CITY	MD	9/30/97	19,417	0	0	0
N3HVJ7-33-0021-7500057	MAINE STATE OF	ME	9/30/97	0	0	0	0
TOTAL OF REGION 33 = 20				2,639,328	0	639,653	0
E3CWL7-02-0013-7100283	NEWARK	NJ	9/ 2/97	0	519,500	0	0
TOTAL OF REGION 02 = 1				0	519,500	0	0
C3HVK7-03-0128-7500036	PRINCE WILLIAM COUNTY	VA	4/ 9/97	0	0	0	0

C3HVK7-03-0138-7500037	BALTIMORE COUNTY	MD	4/17/97	0	0	0	0
E3LLL7-03-0009-7100290	AUDIT OF MD LUST AGREEMENTS	MD	9/17/97	7,883	0	0	0
E3CEL6-03-0139-7100297	NATIONAL UNIV CONT ED ASSOC	DC	9/24/97	733,878	218,382	0	0
G3HUK7-03-0135-7500035	CENTER FOR WATERSHED PROTECTMD		4/ 8/97	0	0	0	0
TOTAL OF REGION 03 = 5				741,761	218,382	0	0
E3RWP7-05-0060-7400034	RIVER ROUGE SITE DEMO	MI	4/21/97	272,859	0	0	0
TOTAL OF REGION 05 = 1				272,859	0	0	0
TOTAL OTHER GRANT ASSIGNMENTS = 27				3,653,948	737,882	639,653	0

5. SUPERFUND GRANT ASSIGNMENTS

E5FFL7-03-0008-7100292	SUPERFUND OVERSIGHT COSTS		9/22/97	0	0	0	0
TOTAL OF REGION 03 = 1				0	0	0	0
E5BGL6-07-0035-7100220	SUPERFUND COOPERATIVE AGREE MO		6/ 9/97	0	0	0	0
TOTAL OF REGION 07 = 1				0	0	0	0
E5HGL6-10-0027-7100188	BOOMSNUB SF CREDIT	WA	4/30/97	0	0	0	0
TOTAL OF REGION 10 = 1				0	0	0	0
H5BFL7-20-0007-7100285	IAG AUDIT REPORT		9/10/97	0	0	0	0
H5BFL7-20-0007-7100286	IAG AUDIT REPORT		9/10/97	0	0	0	0
M5BFL7-20-0007-7100293	SUPERFUND IAG-DOD		9/23/97	0	0	0	0
TOTAL OF REGION 20 = 3				0	0	0	0
TOTAL SUPERFUND GRANT ASSIGNMENTS = 6				0	0	0	0

8. OTHER CONTRACT ASSIGNMENTS

D8BML6-44-0074-7100154	CLEAN AIR VEHICLE CI 96	CA	4/ 2/97
D8BML7-44-0106-7100170	ETS INCORPORATED	VA	4/17/97
D8DML6-44-0026-7100178	RAVEN RIDGE RESOURCES INC	CO	4/18/97
D8CML7-44-0082-7100184	SRA TECHNOLOGIES INC.	VA	4/29/97
D8BML4-44-3148-7100195	F.W. ENVIRESPONSE INC	NJ	5/14/97
D8CML6-44-0090-7100202	WESTAT		5/20/97
D8CML6-44-0181-7100203	AMERICAN MANAGEMENT SYSTEMS	VA	5/20/97
D8EML7-44-0036-7100204	OAO CORPORATION	MD	5/20/97
D8BML5-44-0322-7100205	SCIENTIFIC&COMMERCIAL SYSTEMVA		5/20/97
D8BML7-44-0035-7100206	GEOLOGICS CORPORATION	VA	5/20/97
D8DML7-44-1040-7100209	VIGYAN, INC.	VA	5/21/97
D8BML2-44-0324-7100214	JWK INTERNATIONAL	VA	6/ 2/97
D8CML7-44-0022-7100215	PACIFIC ENVIRONMENTAL SERV	VA	6/ 2/97
D8BML7-44-0070-7100216	SOLUTIONS BY DESIGN	VA	6/ 2/97
D8BML7-44-0102-7100217	MNEMONICS SYSTEMS INC.	DC	6/ 2/97
D8CML6-44-0199-7100218	PACIFIC ENVIRONMENTAL SVCS	VA	6/ 4/97
D8BML6-44-0060-7100219	SONOMA CI 95	CA	6/ 4/97
D8BML7-44-1054-7100224	PROF AND SCIENTIFIC ASSOC	VA	6/11/97
D8BML3-44-0194-7100225	INTEGRATED LABS	NC	6/11/97
D8CML7-44-1055-7100226	DYNAMAC	MD	6/11/97
D8CML3-44-0120-7100228	MIDWEST RESEARCH INST.	KS	6/12/97
D8BML5-44-0085-7100229	INTEGRATED LABORATORY SYSTEMNC		6/13/97
D8EML7-44-1062-7100231	MANTECH ENVIRONMENTAL	VA	6/13/97
D8CML7-44-1063-7100232	PARSONS ENGINEERING SCIENCE	CA	6/13/97
D8BML5-44-0381-7100240	EAGLE MAINTENANCE SERVICES	DC	6/26/97
D8GML7-44-1093-7100241	OAO CORPORATION	MD	7/15/97
D8BML5-44-0371-7100242	SCICOMM INC	MD	7/16/97
D8BML6-44-0073-7100243	SIERRA CI 95	CA	7/16/97
D8BML5-44-0072-7100244	VISTA COMPUTER SERVICES, INCVA		7/16/97
D8BML7-44-0088-7100245	ARMSTRONG DATA SERVICES INC.VA		7/16/97
D8BML6-44-0095-7100248	CADMUS GROUP INC	MA	7/31/97
D8BML5-44-2188-7100249	WADE MILLER ASSOCIATES INC.	MA	7/31/97
D8CML7-44-0016-7100251	RADIAN CORP	TX	7/31/97
D8CML7-44-0017-7100252	RADIAN CORP	TX	7/31/97
D8AML7-44-1046-7100253	EG&G AUTOMOTIVE	TX	7/31/97
D8EML7-44-1095-7100254	S. COHEN & ASSOCIATES	VA	8/ 1/97
D8BML7-44-0068-7100256	PACIFIC ENVIRONMENTAL SERV.	VA	8/ 1/97
D8BML5-44-0087-7100257	RESEARCH & EVAL. ASSOC.	NC	8/ 1/97

The dollar value of contract audits have not been shown. Public disclosure of the dollar value of financial recommendations could prematurely reveal the Government's negotiating positions or release of this information is not routinely available under the Freedom of Information Act. The number of these reports and dollar value of the findings have been included in the aggregate data displayed below. Such data individually excluded in this listing will be provided to the Congress under separate memorandum within 30 days of the transmittal of the semiannual report to the agency head. The transmitted data will contain appropriate cautions regarding disclosure.

D8BML4-44-0090-7100258	RESEARCH & EVAL. ASSOC.	NC	8/ 1/97
D8BML4-44-0118-7100259	AAMERICAN MANAGEMENT SYSTEMS	VA	8/ 5/97
D8CML7-44-1146-7100264	ALLIEDSIGNAL TECHICAL SERV.	MD	8/ 5/97
D8CML7-44-0071-7100267	TARITAS	MI	8/ 7/97
D8AWL7-44-1081-7100269	LIMNO-TECH, INC.	MI	8/ 7/97
D8BML4-44-0095-7100270	TEAM CI 93	OR	8/ 7/97
D8BML5-44-0063-7100271	PATHOLOGY ASSOCIATES INC.	MD	8/ 7/97
D8AWP7-44-1080-7100272	PARSONS ENGINEERING SCIENCE	CA	8/ 7/97
D8AWL7-44-1082-7100278	TETRA TECH, INC.	VA	8/25/97
D8BML7-44-2010-7100280	DPRA	KS	8/25/97
D8BML7-44-0011-7100281	DPRA	KS	8/25/97
D8AML7-44-1126-7100287	DTA TECHNOLOGIES		9/10/97
D8BML7-44-1098-7100298	TECHNICAL RESOURCES INTL	MD	9/25/97
D8BWL4-44-0061-7100299	WOODWARD-CLYDE CONSULTANTS	CO	9/25/97
D8BML7-44-0079-7100300	SCIENCE AND POLICY ASSOCIATED	DC	9/25/97
D8BMM6-44-0125-7200009	JACA CORPORATION	PA	5/28/97
D8BMM7-44-0051-7200015	URIBE CI 94	CA	7/16/97
D8BMM6-44-0087-7200017	DAVID C. COX		8/ 1/97
D8BMM7-44-1141-7200021	LISBOA ASSOCIATES, INC.	DC	8/25/97
D8BMM6-44-0177-7200022	GANNETT FLEMING		9/25/97
D8EMN7-44-0062-7300027	SIERRA FL	CA	4/14/97
D8GMP7-44-0016-7400032	INDUSTRIAL ECONOMICS	MA	4/21/97
D8AMP7-44-0083-7400040	FEV ENG TECH	MI	5/ 1/97
D8AMP7-44-0083-7400055	FEV ENG TECH	MI	7/16/97
D8AWP7-44-1079-7400060	MARASCO NEWTON GROUP	VA	7/31/97
D8GMP7-44-0016-7400063	INDUSTRIAL ECONOMICS	MA	8/ 7/97
D8AWP7-44-1080-7400064	PARSONS ENGINEERING SCIENCE	CA	8/ 7/97
D8AMP7-44-1127-7400066	DCT, INC.	OK	9/10/97
D8AMP7-44-1078-7400067	SIERRA RESEARCH INC.	CA	9/10/97

TOTAL OF REGION 44 = 67

D8BML7-01-0022-7100198	MITRE CORP FY95 INCURRED CO	MA	5/19/97
D8BMP6-01-0084-7400043	ENVIRONMENTAL HEALTH & ENG.	MA	5/14/97
E8AMP7-01-0608-7400035	TRC ENVIRONMENTAL	MA	4/22/97
E8CAP3-01-0061-7400038	ALLIANCE TECHNOLOGIES CORP	MA	4/28/97
E8EMP6-01-0619-7400053	TRC - EC BILLING SYSTEM	CT	7/ 7/97
E8EMP6-01-0619-7400054	TRC - EC BILLING SYSTEM	CT	7/ 7/97
E8EMP6-01-0634-7400059	TRC FY96 FLOORCHECK	MA	7/24/97
E8CAP3-01-0255-7400062	ALLIANCE TECHNOLOGIES CORP.	MA	8/ 5/97

TOTAL OF REGION 01 = 8

D8BML7-03-0025-7100157	WALCOFF & ASSOCIATES		4/ 4/97
D8BML5-03-0104-7100161	SOCIOTECHNICAL RESEARCH	VA	4/15/97
D8BML7-03-0081-7100162	S. COHEN & ASSOCIATES	VA	4/15/97
D8BML5-03-0380-7100163	ENVIRO-MANAGEMENT & RESEARCH	VA	4/15/97
D8CML7-03-0083-7100164	DYNAMAC	MD	4/16/97
D8BML6-03-0184-7100165	HAMPSHIRE RESEARCH ASSOC. INC	VA	4/16/97
D8BML7-03-0116-7100166	COMSIS CORPORATION	MD	4/16/97
D8BML6-03-0157-7100169	WESTAT		4/17/97
D8BML7-03-0107-7100171	ETS INCORPORATED	VA	4/17/97
D8BML3-03-0418-7100172	BOOZ ALLEN HAMILTON	MD	4/18/97
D8BML4-03-0467-7100173	BOOZ ALLEN HAMILTON	MD	4/18/97
D8AML7-03-0091-7100179	ROY F. WESTON	PA	4/21/97
D8CML6-03-0152-7100180	NUS CORP	MD	4/21/97
D8BML4-03-0054-7100182	COMPUTER SCIENCE CORP.	VA	4/23/97
D8CBL4-03-0395-7100183	WESTAT, INC.	MD	4/23/97
D8BML5-03-0186-7100189	DAVID C. COX	VA	5/ 1/97
D8BML5-03-0187-7100190	DAVID C. COX	VA	5/ 1/97
D8EML5-03-0134-7100210	MANTECH ENVIRONMENTAL TECH.	VA	5/22/97

TOTAL OF REGION 03 = 18

D8BML7-05-0085-7100152	COLEJON MECH 94	OH	4/ 1/97
D8BML7-05-0080-7100191	GRACE ANALYTICAL LAB 95	IL	5/ 8/97
D8BML7-05-0072-7100196	ENVIRON SCIENCE & ENG 94	IL	5/15/97
D8AAL7-05-0091-7100211	AUTO TESTING LAB	OH	5/27/97

TOTAL OF REGION 05 = 4

D8DML6-07-0037-7100199	MRI	MO	5/19/97
D8DML6-07-0037-7100200	MRI	MO	5/19/97

TOTAL OF REGION 07 = 2

TOTAL OTHER CONTRACT ASSIGNMENTS	=	99	1,767,032	1,029,074	0	0
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9. SUPERFUND CONTRACT ASSIGNMENTS

D9BFL2-44-0401-7100156	NUS CORP - HALLIBURTON	MD	4/ 4/97
D9CKL7-44-0015-7100175	AGEISS ENVIRONMENTAL INC	CO	4/18/97
D9DJL4-44-0054-7100176	AGEISS ENVIRONMENTAL INC.	CO	4/18/97
D9CKL7-44-0014-7100177	AGEISS ENVIRONMENTAL INC	CO	4/18/97
D9BFL6-44-0124-7100193	ENVIRONMENTAL MANAGEMENT SUPMD		5/13/97
D9EFL7-44-1039-7100208	MARASCO NEWTON GROUP, LTD.	VA	5/21/97
D9BFL7-44-1053-7100221	SVERDRUP ENVIRONMENTAL INC	MO	6/ 6/97
D9AKL7-44-0028-7100222	HALLIBURTON NUS	TX	6/ 9/97
D9EFL7-44-1061-7100230	DPRA	KS	6/13/97
D9AFL7-44-1013-7100233	S. COHEN & ASSOCIATES, INC.	VA	6/16/97
D9BGL7-44-0025-7100234	TAMS CONSULTANTS INC.	NY	6/18/97
D9EFL7-44-0084-7100238	ROY F. WESTON	PA	6/26/97
D9AFL7-44-1014-7100239	ROY F. WESTON, INC.	PA	6/26/97
D9EHL7-44-0096-7100250	CITY ENVIRONMENTAL	MI	7/31/97
D9EFL7-44-1094-7100255	GRIFFIN SERVICES, INC.	GA	8/ 1/97
D9GFL7-44-1148-7100260	BECHTEL SYSTEMS & INFRASTRUCCA		8/ 5/97
D9GFL7-44-1148-7100261	BECHTEL SYSTEMS & INFRASTRUCCA		8/ 5/97
D9EFL7-44-1023-7100262	BECHTEL NATIONAL INC.	CA	8/ 5/97
D9GFL7-44-1147-7100263	GANNETT FLEMING, INC.	PA	8/ 5/97
D9BFL7-44-1070-7100265	BECHTEL NATIONAL INC.	CA	8/ 5/97
D9GFL7-44-1147-7100268	GANNETT FLEMING, INC.	PA	8/ 7/97
D9DKL4-44-0078-7100279	DPRA, INC.		8/25/97
D9BFM7-44-0111-7200010	HYDROGEOLOGIC INC.	VA	5/28/97
D9BFM7-44-1059-7200012	SVERDRUP CORP	MO	6/12/97
D9BFM7-44-1058-7200013	SVERDRUP CIVIL INC	MO	6/12/97
D9BFM7-44-1057-7200014	SVERDRUP ENVIRONMENTAL INC	MO	6/12/97
D9BJM6-44-0056-7200016	DESA, INC.	SC	7/16/97
D9BGN7-44-0061-7300026	JACOBS AC 93	CA	4/14/97
D9BGN7-44-0056-7300031	JACOBS AC 92	CA	5/21/97
D9AFN7-44-1016-7300034	MELE ASSOCIATES, INC.	MD	6/ 2/97
D9AKP7-44-0029-7400050	LOCKHEED MARTIN SERVICES	TX	6/ 9/97
D9AFP7-44-1015-7400051	ALL AMERICAN ENVIR. SERVICESMD		6/16/97
D9BKP7-44-0044-7400061	RUST ENVIRONMENTAL	SC	7/31/97

TOTAL OF REGION 44 = 33

E9EGP5-01-0612-7400065	TRC EDP REVIEW	CT	8/22/97
E9GGP5-01-0626-7400068	TRC CAS402		9/17/97

TOTAL OF REGION 01 = 2

D9BGL7-02-0028-7100266	TAMS CONSULTANTS	NY	8/ 6/97
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TOTAL OF REGION 02 = 1

D9BFL6-03-0227-7100159	VIAR	VA	4/ 8/97
D9CFL6-03-0148-7100167	ROY F. WESTON	PA	4/16/97
D9AFL7-03-0076-7100168	SMITH TECHNOLOGY CORP.	PA	4/17/97
D9BFL6-03-0114-7100174	BOOZ ALLEN HAMILTON		4/18/97
D9BFL5-03-0217-7100181	CMD FEDERAL PROGRAMS	VA	4/22/97

TOTAL OF REGION 03 = 5

E9EFL4-22-0174-7100289	ICF CONSULTING GRP D/S 12/93		9/17/97
E9EFP4-22-0178-7400041	ICF KAISER INTNL HQ DS 12/93		5/ 7/97
E9EFP4-22-0177-7400047	ICF KAI. ENG HO DS 12/93		5/29/97

TOTAL OF REGION 22 = 3

D9BHL6-04-0054-7100160	CMC	KY	4/15/97
E9BHN5-04-0103-7300040	WESTINGHOUSE REMEDIATION	GA	9/16/97

TOTAL OF REGION 04 = 2

E9BKL4-05-0135-7100186	PRC EMI 90	IL	4/30/97
E9BKL4-05-0137-7100187	PRC EMI 91	IL	4/30/97
E9GKL7-05-0095-7100194	PRC EMI CAS 405	IL	5/14/97
E9GKL7-05-0097-7100197	PRC EMI CAS 418/410	IL	5/16/97
E9BKL6-05-0119-7100282	PRC EMI 92	IL	8/28/97

TOTAL OF REGION 05 = 5

D9BHP7-23-0003-7400056	SUPERIOR SPECIAL SVRCS ERCS WI		7/18/97
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TOTAL OF REGION 23 = 1

E9BGL6-10-0005-7100291	RES-OVERTIME LABOR PROPOSAL OR		9/17/97
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APRIL 1, 1997 THROUGH SEPTEMBER 30, 1997

TOTAL OF REGION 10 = 2

TOTAL SUPERFUND CONTRACT ASSIGNMENTS	= 54	3,207,042	346,107	0	0
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TOTAL REPORTS = 235		21,760,618	19,384,198	17,452,119	0
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Appendix 2 -- Reports Without Management Decision

Reports Issued Without Management Decision - 180 Days Past Report Issue Date

Action Official	No Response Received	Response In Review Process	Inadequate Response	Appeal to ARB
Grants Administration Division	7	1	1	0
Office of Acquisition Management (OAM) Contract Mgmt. Division RTP	13	10	0	0
OAM Superfund/RCRA POD	4	0	0	0
OAM Cost Advisory - CRNSC	6	4	2	0
OAM Cost Advisory - FASC	20	1	2	0
Asst Administrator for Air & Radiation	1	0	0	0
Asst Administrator for Adm & Resources Mgmt	0	3	0	0
Office of Pollution, Prevention & Toxics	1	0	0	0
Regional Administrator Region 1	0	1	0	0
Regional Administrator Region 2	1	1	0	0
Regional Administrator Region 3	7	1	0	0
Regional Administrator Region 4	1	0	1	0
Comptroller Region 5	0	0	0	1
Regional Administrator Region 6	2	0	0	0
Regional Administrator Region 8	1	0	0	0
Regional Administrator Region 9	4	2	0	0
Regional Administrator Region 10	3	0	0	0
TOTALS	71	14	6	1

Appendix 3--Major Laws Administered by EPA

Statute	Provisions
Pollution Prevention Act	Provides that pollution should be prevented or reduced at the source, recycled safely when not preventable, treated safely when not preventable or recyclable, or disposed of a safe manner.
Toxic Substances Control Act	Requires EPA notification of any new chemical prior to its manufacture and authorizes EPA to regulate its production, use, or disposal..
Federal Insecticide, Fungicide, and Rodenticide Act	Authorizes EPA to register all pesticides, specify the terms and conditions of their use, and remove unreasonable hazardous pesticides from the marketplace.
Federal Food, Drug and Cosmetic Act	Authorizes EPA in cooperation with FDA to establish tolerance levels for pesticide residues on food.
Resource Conservation and Recovery Act and Solid Waste Disposal Act	Authorizes EPA to identify hazardous wastes and regulate their generation, transportation, treatment, storage, and disposal.
Comprehensive Environmental Response, Compensation, and Liability Act	Requires EPA to designate hazardous substances that can present substantial danger and authorizes the cleanup of contaminated sites.
Clean Air Act	Authorizes EPA to set emission standards to limit the release of criteria pollutants and hazardous air pollutants.
Clean Water Act	Requires EPA to establish a list of water pollutants and set standards.
Safe Drinking Water Act	Requires EPA to set drinking water standards to protect public health from hazardous substances.
Marine Protection, Research and Sanctuaries Act	Regulates ocean dumping of toxic contaminants.
Asbestos School Hazard Abatement Act/ and Asbestos Hazard Emergency Response	Authorizes EPA to establish a comprehensive regulatory framework for controlling asbestos hazards in schools.
Emergency Planning and Community Right-to-Know Act	Requires States to develop programs for responding to hazardous chemical releases and requires industries to report on the presence and release of certain hazardous substances.
Oil Pollution Act of 1990	Makes EPA responsible for oil spill prevention, preparedness, response, and enforcement activities associated with non-transportation-related onshore oil facilities.
Environmental Research, Development, and Demonstration Authorization Act	Authorizes all EPA research and development programs.
National Environmental Education Act	Provides for a program of education on the environment through activities in schools and related educational activities, and to encourage students to pursue careers related to the environment.
National Environmental Policy Act of 1969	Provides a national policy requiring environmental impact statements describing potentially adverse effects of, and alternatives to, any major Federal action. Established the Council on Environmental Quality.

Appendix 4-- Profile of Activities and Results

April 1, 1997 to September 30, 1997

Audit Operations (\$ in millions) OIG Managed Reviews: Reviews Performed by EPA, Independent Public Accountants and State Auditors			Audit Operations (\$ in millions) Other Reviews: Reviews Performed by Another Federal Agency or Single Audit Act Auditors		
	April 1, 1997 to September 30, 1997	Fiscal 1997		April 1, 1997 to September 30, 1997	Fiscal 1997
Questioned Costs *			Questioned Costs *		
- Total	\$99.5	\$258.8	- Total	\$ 5.6	\$ 7.8
- Federal	53.0	171.8	- Federal	5.5	7.7
Recommended Efficiencies*			Recommended Efficiencies*		
- Federal	\$0	\$0	- Federal	\$ 0	\$ 1.4
Costs Disallowed to be Recovered			Costs Disallowed to be Recovered		
- Federal	\$47.0	\$54.6	- Federal	\$1.4	\$ 2.1
Costs Disallowed as Cost Efficiency			Costs Disallowed as Cost Efficiency		
- Federal	\$ 0.6	\$ 4.7	- Federal	\$0	\$ 1.5
Reports Issued - OIG Managed Reviews:			Reports Issued - Other Reviews:		
- EPA Reviews Performed By OIG:	69	123	- EPA Reviews Performed by		
- EPA Reviews Performed by			Another Federal Agency:	137	269
- Independent Public Accountants:	6	14	- Single Audit Act Reviews:	23	57
- EPA Reviews Performed by					
State Auditors:	0	0			
Total	75	137	Total	160	326
Reports Resolved (Agreement by Agency officials to take satisfactory corrective action.) ***	124	250	Agency Recoveries - Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments.)**	\$34.1M	

Investigative Operations			Fraud Detection and Prevention Operations		
Fines and Recoveries (including civil)	\$580	\$3.48M			
Investigations Opened	82	166	Hotline Cases Opened	12	17
Investigations Closed	95	165	Hotline Cases Processed and Closed	6	11
Indictments of Persons or Firms	17	20	Personnel Security Investigations Adjudicated	788	391
Convictions of Persons or Firms	8	10	Legislative and Regulatory Items Reviewed	47	88
Administrative Actions Against EPA Employees/ Firms	12	36			
Civil Judgments	3	9			

* Questioned Costs and Recommended Efficiencies subject to change pending further review in the audit resolution process.

** Information on recoveries from audit resolution is provided from EPA Financial Management Division and is unaudited

*** Reports resolved are subject to change pending further review.

